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Dollar, Stocks Slide As U.S. Talks Drag

NEW YORK — Wall Street share prices fell broadly and the dollar slid sharply Tuesday as investors displayed impatience with the slow pace of negotiations in Washington on how to cut the U.S. budget deficit.

The Dow Jones industrial average closed 26.83 points lower, after having been down twice that amount at midday. The blue-chip indicator had begun retreating from recent highs after President Ronald Reagan said Monday that raising taxes would be the wrong way to cut the deficit. (Page 11.)

That news, and the subsequent lack of any agreement on deficit reductions, depressed stock prices around the world on Tuesday, as investors concluded that the declining dollar would put overseas products at a competitive disadvantage.

In New York, the dollar lost more than 2 pennings, to close at 1.6910 Deutsche marks, from 1.7145 DM at Monday's finish. It also fell to 135.60 yen from 137.15.

White House and congressional leaders, seeking to cut about \$30 billion from this year's estimated budget deficit of \$180 billion, are now in their fourth week of talks. The huge deficit is viewed as a major contributor to the Oct. 19 collapse on Wall Street, when the Dow index plunged 508 points.

In his comments on Monday, Mr. Reagan had said the White House was determined to achieve at least \$23 billion in deficit cuts, a figure that is already mandated by law.

The dollar's decline late Monday and on Tuesday was in sharp contrast to the optimism early Monday, when the dollar climbed after Mr. Reagan predicted Saturday

Iran Says Iraq Hit N-Plant

Baghdad Claims A Land Victory

MANAMA, Bahrain — Iran said Iraqi warplanes twice bombed an unfinished nuclear power plant in southern Iran on Tuesday, killing 11 workers, Iraq said its forces crushed an overnight ground attack on the central front.

Iran also announced that its warplanes had bombed a petrochemical complex near the nuclear plant, which is 37 miles (60 kilometers) inland from the Iranian port of Bushehr.

The official Iraqi News Agency said a "reckless attempt" by Iranian forces to gain a foothold in the central land front was "crushed overnight, with massive losses" among Iranian troops. There was no immediate comment from Iran.

Iran said a West German engineer was among the 11 killed in the air raid, and it asked the director general of the International Atomic Energy Agency in Vienna, Hans Blix, to rush a team of experts to the scene.

The president of Iran's Atomic Energy Organization, Reza Amrollahi, sent an "urgent protest note" to Mr. Blix, Iran's official Islamic Republic News Agency reported.

It quoted Mr. Amrollahi as saying the attack might lead to "the same trans-frontier radioactive release and radiological consequences as the Chernobyl nuclear accident" and said he had accused Iraq of violating "international conventions."

Iran said last year that it had moved "fissionable material" into the 1,200-megawatt plant, which has been raided by Baghdad at least five times since 1984.

The Iraqi News Agency reported earlier that warplanes struck the "highly important" petrochemical complex at the Bushehr harbor.

The agency quoted an unidentified military spokesman as saying a large number of planes were involved in the raid, "during which dozens of heavy bombs were dropped on the complex, reducing the facility to rubble."

The report also mentioned that ground forces along the 733-mile land front "were on alert."

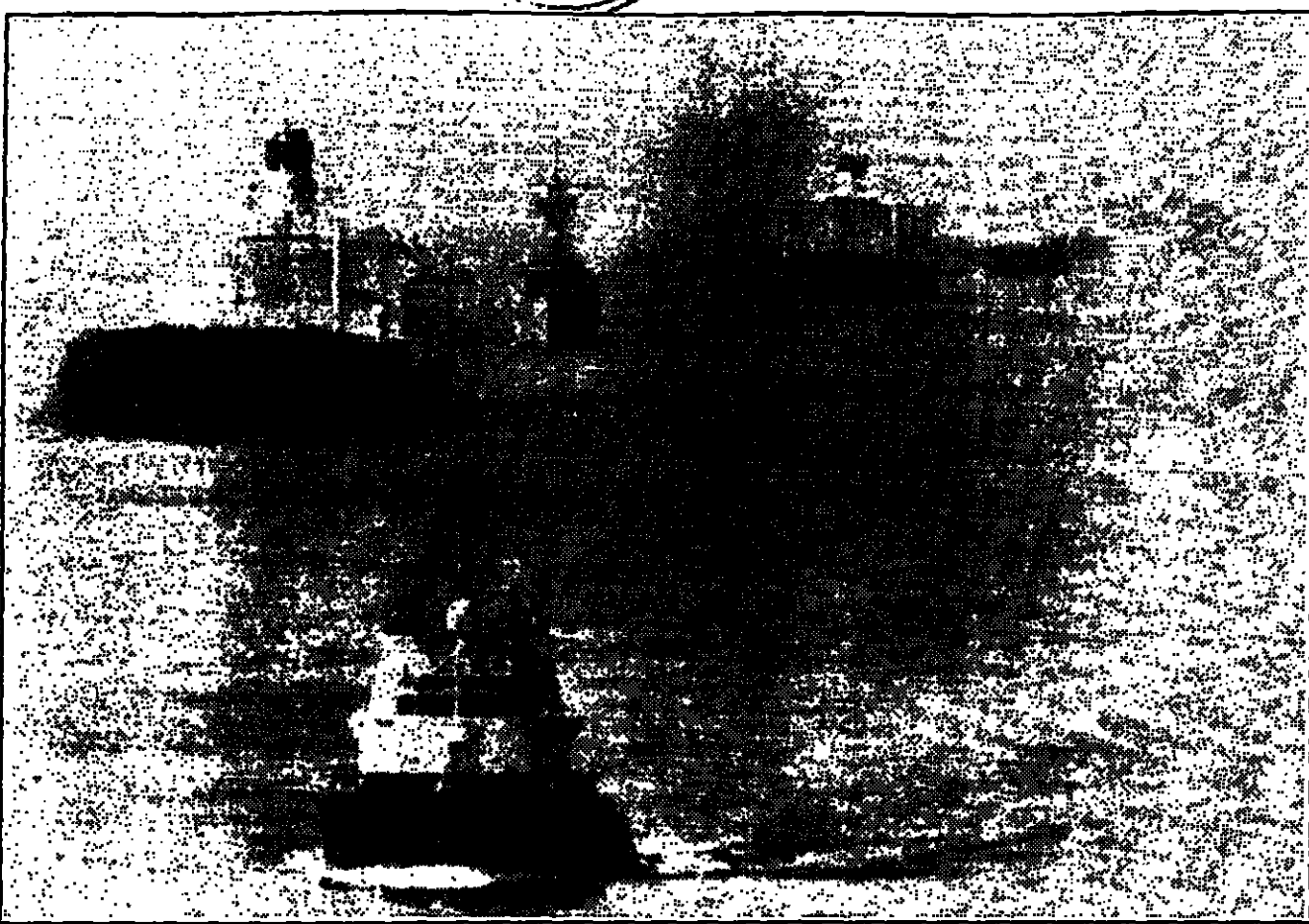
Defense officials in Baghdad have said the Iraqi forces have been on maximum alert along the front since Thursday because of reports that Iran was planning to launch a new offensive.

Iran's president, Ali Khamenei, said over the weekend that "a new movement is going to occur on the war front" soon.

Meanwhile, the supertanker Bridgeton, holed by a mine four months ago, sailed out of a shipyard to join a U.S.-escorted convoy heading south in the Gulf.

The 401,382-ton ship linked up with the procession heading for the Persian Gulf.

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A minesweeping tug leads an American-escorted convoy of tankers through the southern Gulf on Tuesday.

Gulf Armada Seen as a Quiet Plus for West

By Joseph Fitchett
 International Herald Tribune

PARIS — Europe's growing role in the Gulf is contributing to initial allied success in demonstrating that Iranian forces cannot stop the passage of ships through sea-lanes, according to U.S. and European officials.

They added that the collective capability of Western navies was improving as, in the phrase of a Pentagon official, "allied units practice inter-operability and learn to play ball together."

Officials said in recent conversations that the quiet coordination of allied missions, which they refused to document in detail, was proving to be effective.

Despite continued Iranian attacks and some intermittent damage, oil and other cargo flows in and out of Arab ports, including Kuwait, at the Gulf's northern tip where Iranian Revolutionary Guards in speedboats are most active.

Western Europe, which now has nearly 40 ships in the Gulf war zone, roughly the same number as the United States, is contributing significant military clout and diplomatic solidarity to the U.S. task force, according to the officials.

Other allies are providing indirect support. Officially, allied governments continue to distance themselves from U.S. actions. European reinforcements, refused in March when the Reagan administration sought help in escorting tankers to Kuwait, were dispatched in September when Iranian mines started to threaten all shipping through the sea-lanes.

In practical terms, however, this cooperation is "optimal for the United States," according to Anthony H. Cordesman, a private specialist in Washington on Gulf affairs who formerly worked for the Department of Defense. He said that "realistic officials recognize that the United States is getting military help without any constraints on its own freedom of action, the financial responsibility and the political risks that an integrated force would entail."

Discussing the implications for future military cooperation among European nations and with the United States, several European officials cited the Gulf deployment as an initial exercise in trans-Atlantic division of labor, a formula often discussed as a way of bringing U.S. and European power to bear in Third World crises.

Loose coordination, rather than an integrated command that might offer greater military efficiency, eases political frictions among NATO allies when they confront threats to Western security outside the trans-Atlantic theater. In the past, U.S. officials have frequently suspected that this approach would leave the military work to the United States while the allies confined their role to diplomacy.

Now Europe's collective muscle-flexing has surprised many people, including many Europeans. "You would have been dismissed as a dreamer six months ago if you had predicted Europe would be in the Gulf in such force," said Cesare Merlini, director of the Italian Institute for International Affairs.

But Mr. Merlini added that the durability of Europe's consensus on the Gulf mission remains to be seen.

Allies' Deployment in the Gulf

France
 15 ships
 1,750 men

Britain
 11 ships
 1,570 men

Italy
 8 ships
 1,015 men

Belgium
 3 ships
 221 men

Netherlands
 2 ships
 96 men

Japan Paying for Hyperfix navigational network to aid minehunting.

West Germany Stationing 4 ships with 740 men in the Mediterranean on NATO duty.

Other Allies Escorting ships to and from Kuwait.

U.S. Escorting ships, and monitoring on aircraft carrier in the Sea of Oman.

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Arms Pact Is Called Imminent

Soviet Predicts Accord on Text Early Next Week

By James M. Markham
 New York Times Service

GENEVA — The Soviet Union's chief arms control negotiator predicted Tuesday that a treaty banning the superpowers' shorter- and medium-range missiles would be completed within six days.

However, important verification issues reportedly remained unresolved after two days of high-level talks here.

Yuli M. Vorontsov predicted in an interview given to Soviet television here that the treaty would be finished by Monday. But he also said that the United States had raised what he called "artificial issues" on the crucial question of verification.

The treaty is supposed to be completed for signing at a summit meeting between President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, scheduled to begin Dec. 7.

"We think we shall be able to persuade the American side to remove these artificial issues," Mr. Vorontsov said, "and that the treaty will be prepared for signing in time."

However, on Tuesday, the second day of intensive discussions in Geneva between Mr. Vorontsov and the chief U.S. negotiator, Max M. Kampelman, Mr. Vorontsov still had not supplied Mr. Kampelman with the detailed data on missile numbers and deployment sites that will be necessary to complete the treaty's verification provisions.

Mr. Vorontsov is reported to have told Mr. Kampelman that the data would be presented on Wednesday.

In speaking of "artificial issues" purportedly raised by the United States, he appeared to be referring to a U.S. demand that American inspectors be stationed at Soviet factories that manufacture SS-20 intermediate-range missiles. The first stages of the SS-20s are identical to those of the medium-range SS-20s.

In a marathon series of sessions on Monday, according to officials close to the talks, considerable progress was made in settling details about the phased destruction of missiles over a three-year period.

In preparation for the summit meeting, Mr. Vorontsov spent most of the day Tuesday in discussions on regional issues with Michael H. Armacost, the U.S. undersecretary of state for political affairs.

A U.S. official said there had been signs that Mr. Gorbachev might spring a major initiative on Afghanistan during the meeting.

Mr. Kampelman was known to remain optimistic that the arms

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Klosk Greek Police, Protesters Clash

ATHENS (Reuters) — Demonstrators hurling gasoline bombs and stones clashed Tuesday with the police at the U.S. Embassy here and at least 23 persons were injured, witnesses said.

The police said 18 policemen were among those injured in the disturbances, which erupted during a march by thousands of workers and students to mark the 14th anniversary of a student uprising that helped bring down the military dictatorship in Greece. Many demonstrators chanted anti-American slogans and called for the removal of U.S. bases from Greece. Riot police used tear gas and water hoses to disperse the crowd, which they estimated to number 80,000.

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Poland Seeks Talks With Solidarity

WARSAW — The Communist Party leadership has offered to open a dialogue with moderate members of the banned Solidarity trade union, the ruling Politburo said in a statement carried Tuesday by the Polish news agency, PAP.

The invitation was immediately accepted by Solidarity's leader, Lech Walesa.

The PAP report was the first mention of a possible cooperation between the authorities and moderate members of Solidarity. A dissent source said the call was one of the most important developments since the imposition of martial law at the end of 1981.

The government said: "We are of the opinion that nothing should be an obstacle on our side to hold sincere talks with these activists from the outlawed Solidarity who did not take refuge in the circle of destructive negation and value the significance of socialist reforms."

The Politburo statement also called for the return to the Communist Party of thousands of former cardholders who left after martial law was declared. Martial law was formally lifted in July 1983, but the constitution was amended to allow the proclamation of a state of emergency to deal with internal crises.

Mr. Walesa, commenting on the invitation to begin a dialogue said: "We are ready for the work of the country, we want to build the future." But he said he doubted that an invitation to cooperate with the government will actually be issued to him and other activists.

"We have always been good in words and in slogans," Mr. Walesa said. "In deeds and in practice we have never been too good. The deeds will tell what is the truth and what is a game only."

The Politburo call followed drastic economic reforms that include major price increases, already criticized by Mr. Walesa and other Solidarity members.

The Polish authorities are seeking popular support after announcing the reform package last month, which includes an increase in food prices of as much as 110 percent.

Mr. Walesa warned the government Monday that the proposed increases could result in increased social tension.

The Politburo statement came as a surprise. Only six hours before it was issued, Jerzy Urban, the government spokesman, said Mr. Walesa's warning would be ignored. "The government does not take into account the opinion of people who are not serious," he said.

But the government statement left little room for harsh criticism, saying the government would "get involved in the ritual of rejection."

Opposition Parley Halted
 An unauthorized press conference by founding members of the opposition Polish Socialist Party ended abruptly Monday when the Warsaw cut off electricity to a war apartment, broke down its door and detained participants and Western observers, The Associated Press reported from Warsaw.



A journalist filmed the view Tuesday from the spot in Beijing where Mao proclaimed Communist rule in 1949.

Beijing Opens a Hallowed Spot to Tourists

BEIJING — For \$8, a tourist can now stand on the spot where Chinese emperors used to review their troops and Mao Zedong declared the victory of Communism.

Beijing tourism officials said Tuesday that foreign tourists and ordinary Chinese will be allowed to stand atop Tiananmen Gate, a symbol of Communist China.

Model workers and privileged officials on occasion are given special tours of the rostrum, but until now it has been closed to all others.

The officials, in a tour for journalists, insisted that the 30-yuan admission fee will be well worth it.

"This is the place where all the most important gatherings since the founding of the People's Republic took place," said Bo Xicheng, director of the Beijing Tourism Administration.

The 114-foot (34.7-meter) balcony of the Ming Dynasty gate presents a view of the most hallowed ground of the revolution. It looks across five white marble bridges to Tiananmen Square.

To the rear are the gold roofs of the Forbidden City, home to China's emperors since the 13th century. It was on the balcony of the vermilion gate, first built in 1417, that emperors reviewed their armies and were presented with prisoners of war.

Mao climbed the gate on Oct. 1, 1949, to proclaim that "the Chinese have stood up" and declare the founding of the People's Republic.

Mao also stood atop Tiananmen Gate when one million young people, waving their "little red books" of Mao quotations, converged on the square to declare allegiance at the start of the Cultural Revolution in 1966.

The crackdown comes at a time when Japan is relaxing standards to make it easier for foreigners with

special talents to work in the country, mostly to the benefit of American and European bankers and lawyers.

"But we don't think that that sort of campaign requires us to let in unskilled workers," said Yasuji Ishigaki, an official in the Justice Ministry's Immigration Bureau.

"We don't like to see our social conditions — our working-class conditions — filled with particular foreigners as we see in some European countries," he said. "We learned lessons from the European experience."

For the illegal immigrants, known as *Japayuki-san*, or Japan-bound people, life can be rough. They fill jobs that Japanese tend to consider unsavory or dangerous — in construction gangs, shipyards, kitchens and brothels. They are often forced into crowded, substandard living quarters.

All many of them want to do is to elude capture long enough to build substantial savings in a well-developed, underground job market.

A large majority are young women, mostly Filipinos recruited by Japanese gangsters to work as bar hostesses and prostitutes. A common stereotype is that these women come as predators, some bearing AIDS. However, people familiar with the Japanese underworld say that, in fact, they tend to be exploited and often beaten by operators of the sex and entertainment industries.

A growing number of Japayuki-san, however, are men. They are people like Danilo, a Filipino who sat one recent morning in the corridor of the main immigration office in Tokyo, waiting to be questioned by inspectors before deportation.

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Help Unwanted in Japan

Influx of Illegal Foreign Workers Prompts Concern and Crackdown

By Clyde Haberman
 New York Times Service

TOKYO — Behind an unwelcome message that Japan is for Japanese, the government is trying hard to shut the door on unskilled laborers who have flocked here from other Asian countries to find work.

The door will not stay closed, though. Having fled grim job prospects back home, and lured by high Japanese wages, a rapidly growing number of men and women from Southeast Asia and the Indian subcontinent are living and working in Japan unlawfully.

Their numbers are not large compared with those of illegal workers in the United States or Western Europe. Government officials estimate that there are only 20,000 illegal immigrants in Japan, in a population of 121 million.

But on a percentage basis the increases in the last few years have been substantial, and that worries many Japanese, for it touches a xenophobic nerve that is rarely far from the surface in an essentially homogeneous society.

The concern is fanned whenever there is startling news, such as a recent police report that crimes by foreigners rose sixfold over the last decade — twice the growth rate for the foreign population.

Illegal aliens have been rounded up in periodic sweeps of places of work and residences, such as one a few months ago that led to the expulsion of 1,316 Filipinos, Pakistanis, Bengalis, Thais and others. More commonly, the illegal immigrants surrender voluntarily to the authorities and are deported.

The crackdown comes at a time when Japan is relaxing standards to make it easier for foreigners with

special talents to work in the country, mostly to the benefit of American and European bankers and lawyers.

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Yeltsin Is Treated For Heart Problem

By Francis X. Clines

MOSCOW — Boris N. Yeltsin, the high-ranking Soviet official purged from office last week, has been hospitalized with heart trouble and has not attempted suicide, the government said Tuesday.

Denying rumors of his demise, the Foreign Ministry said Mr. Yeltsin, the former Moscow Communist Party chief and a nonvoting member of the ruling Politburo, was "not well" and had been "in the hospital for a number of days."

"But he is still alive," a ministry spokesman said, answering questions from foreign correspondents about the many rumors circulating about the fate of Mr. Yeltsin, a former close associate of the Soviet leader, Mikhail S. Gorbachev.

"I don't think the state of his health gives us any reason for concern," the spokesman said. He gave no other details beyond making a distinction between a heart attack and the trouble that he said was Mr. Yeltsin's problem.

He was dismissed as the Moscow party chief on Wednesday when Mr. Gorbachev led denunciations of him for mismanagement and "political immaturity." Mr. Yeltsin's colleagues had turned against him following a speech he made last month criticizing the pace of reforms and asserting that Mr. Gorbachev's economic restructuring program "was giving virtually nothing to the people."

The next expected step in Mr. Yeltsin's fall, his removal from the Politburo, appeared to be signaled

in the official obituary for Piatras Grishkivichius, the Lithuanian Communist leader. Mr. Yeltsin was not included in the traditional list of ranking Soviet signatories.

Pravda Asserts Party Role

Earlier, Gory Le of The Washington Post reported from Moscow: The Communist Party daily Pravda has reasserted the primacy of party control and attacked efforts to augment democratic processes in Soviet society.

An article Monday mocked some of the experiments in electing factory managers across the Soviet Union and criticized other methods that Mr. Gorbachev has advocated for expanding Soviet democracy, including multicandidate elections.

It underscored a view among some intellectuals that there has been a conservative backlash against Mr. Gorbachev's reforms following the dismissal of Mr. Yeltsin.

"Playing at democracy may result in catastrophe," the paper warned. "It is often forgotten that discipline means obligatory submission by everybody to the established order and rules."

Pravda made it clear that the party was not abandoning its traditional role of recommending candidates who are subsequently endorsed by voters.

The Communist Party "is a ruling party," Pravda said. "Its leading role is fixed by the constitution. That is why the party committees have the right to openly express their opinion on the recommended people to this or that post."



DISABLED DISPERSED — A one-armed protester struggled with Madrid policemen as they moved in Tuesday to break up a demonstration of about 7,000 handicapped lottery ticket-sellers from all over Spain against the closure of the business that employs them. The lottery's owners are suspected by Spanish officials of mismanaging its funds.

Japan Risks Retaliatory U.S. Tariffs, Verity Warns

WASHINGTON — Commerce Secretary C. William Verity, before leaving Tuesday for a visit to Tokyo, said Japanese manufacturers risked the imposition of U.S. retaliatory tariffs by failing to price their products in line with the yen's appreciation against the dollar.

Mr. Verity said he would exert new pressure on Japan to open its markets to U.S. semiconductors, supercomputers and soda ash, and to tighten its controls on exports to Communist countries.

He said he would also press Japan again to change its policy and open the \$3 billion Kansai airport, near Osaka, and other construction projects to U.S. firms. But he said

he doubted there would be any change in Japanese policy, which has excluded foreign companies from significant participation in the project.

The White House is already weighing trade curbs against Japan for its refusal to open construction projects to U.S. firms.

Mr. Verity made his remarks to the Chamber of Commerce before leaving on the trip. He is the first U.S. cabinet official to visit Japan since Prime Minister Noboru Takeuchi took office two weeks ago.

He said the huge U.S. trade deficit with Japan could not continue and that either Congress would attempt to pass restrictive trade legislation or the financial markets

would act to further lower the value of the dollar. A weak dollar makes imports more costly to Americans.

"I am a great admirer of the marketplace, but I am mindful of the fact that the invisible hand under these circumstances could inflict a great deal of unnecessary pain in correcting the trade deficit for us," Mr. Verity said.

He accused Japan of distorting world markets in its pricing practices. "By failing to price in line with the appreciated yen, Japanese firms are impeding the power of currency adjustments to help correct our trade imbalance," Mr. Verity said.

The dollar has fallen more than

40 percent against the Japanese yen since mid-1985.

Yet, Mr. Verity said, Japanese companies have not increased the prices of their products to Americans, preferring instead to take smaller profits to maintain their share of U.S. markets.

By failing to raise prices to match the devalued dollar, Japanese companies are in effect dumping a wide range of products in the United States, Mr. Verity suggested. "They are running the increased risk that additional anti-dumping cases will be brought against them in response," he said.

Dumping is the deliberate pricing of products by one country in

another's markets at below fair value. Illegal under U.S. trade laws, dumping can provoke retaliatory tariffs designed to equal to the margin by which the imports have been underpriced.

In the past, the United States has accused Japanese firms of dumping computer chips and color televisions among other products.

Mr. Verity will be in Tokyo through Saturday. It is his first trip out of the country since he was sworn in as commerce secretary last month.

Japanese Resistance Rises

Japan's ruling party is urging Japanese negotiators in Washington to resist U.S. demands for the lifting of trade restrictions on farm products, a party leader said Tuesday. United Press International reported from Tokyo.

"The United States is trampling on the good will of Japan," said Sadao Yamanaka, a leading member of the Liberal Democratic Party. He said if Japan gives into the U.S. demands, certain sectors of the Japanese farm economy would die.

"If the United States is going to ask Japan to be at their service that is wrong," he said at a news conference. "We are not servants of the United States."

Japanese and U.S. representatives are negotiating the end of Japanese trade restrictions on 12 agricultural products.

The General Agreement on Tariffs and Trade in Geneva, which regulates international trade, has determined that Japan is in violation of free trade principles on 10 of the 12 agricultural products, including tomato juice and processed cheese, Mr. Yamanaka said.

Nevertheless, most Liberal Democrats in the Japanese Diet, or parliament, signed a letter calling for the continuation of the trade restrictions "for the future of Japan's agriculture" and to "avoid potential threats to our nation's independence."

Yugoslav Protesters Get Pay Raises

BELGRADE — Several thousand foundry workers in the poorest Yugoslav republic, Macedonia, won pay raises Tuesday after demonstrating against austerity measures, officials said.

Witnesses said more than 5,000 workers marched on the regional parliament in Skopje, demanding double pay and protesting wage

controls imposed Saturday by the federal government to help fight 153 percent inflation.

After an emergency session of the Macedonian government, its head, Gjorgije Gogovski, told the workers that wages would be raised to the average level at foundries throughout Yugoslavia. Officials could not immediately say what that level was.

Western diplomats said the protest and the wage increase by local authorities boded ill for the prospects of Prime Minister Branko Mikulic's anti-inflation program, approved Saturday by parliament. The price and wage controls, effective until mid-1988, were announced by the government shortly after.

The announcement of the increase of prices for fuel, food, transport and some raw materials caused panic buying.

On Tuesday, Mr. Mikulic followed up these measures with a 24.6 percent devaluation of the dinar, the first such move since 1983. The aim was to boost exports and curb foreign travel by Yugoslavs.

Among the austerity measures was a 10 percent wage cut in unprofitable companies. The Skopje foundry has accumulated huge losses and closed five furnaces recently, threatening 1,000 jobs.

Macedonia remains one of Yugoslavia's poorest republics, despite heavy subsidies from other regions, and many of its companies have been reported to be near bankruptcy.

ACCORD: Arms Pact Near

(Continued from Page 1)

treaty would be completed in time for the summit meeting.

A Dec. 9 Invitation

Mr. Gorbachev will be invited to address a joint session of Congress on Dec. 9, a spokesman for the speaker of the House of Representatives, Representative Jim Wright of Texas, said Tuesday.

SDI Limit Backed

House and Senate negotiators agreed Tuesday to include provisions in a military authorization bill that would keep the administration from expanding its program for a space-based missile defense system during the current fiscal year without permission from Congress. United Press International reported from Washington.

Other provisions agreed to in the bill that authorizes up to \$286 billion in military spending in fiscal 1988 would hold the administration within weapons-launcher limits of the unratified 1979 strategic arms treaty and would require that a Poseidon submarine be dismantled.

Japan's ruling party is urging Japanese negotiators in Washington to resist U.S. demands for the lifting of trade restrictions on farm products, a party leader said Tuesday. United Press International reported from Tokyo.

"The United States is trampling on the good will of Japan," said Sadao Yamanaka, a leading member of the Liberal Democratic Party. He said if Japan gives into the U.S. demands, certain sectors of the Japanese farm economy would die.

"If the United States is going to ask Japan to be at their service that is wrong," he said at a news conference. "We are not servants of the United States."

Japanese and U.S. representatives are negotiating the end of Japanese trade restrictions on 12 agricultural products.

The General Agreement on Tariffs and Trade in Geneva, which regulates international trade, has determined that Japan is in violation of free trade principles on 10 of the 12 agricultural products, including tomato juice and processed cheese, Mr. Yamanaka said.

Nevertheless, most Liberal Democrats in the Japanese Diet, or parliament, signed a letter calling for the continuation of the trade restrictions "for the future of Japan's agriculture" and to "avoid potential threats to our nation's independence."

JAPAN: Illegal Workers Ousted

(Continued from Page 1)

name was his own affair, had come to Japan on a 15-day tourist visa, but stayed for five months, working on a construction site in Yokohama. He lived in a tiny room, he said, paying the equivalent of \$9 a day in rent from his \$37 in daily wages.

A Japanese laborer could expect to earn appreciably more. But Danilo, who sent most of his earnings to his family in Manila, figured that the pay was at least 10 times what he would have made in the Philippines.

"It was hard, but I did O.K.," he said.

When he decided it was time to leave, he turned himself in, as scores of illegal aliens do every week. He knew that after a brief period of questioning and detention he would be put on a bus taken to the airport and sent on his way.

Immigration officials say the number of illegal immigrants who surrendered or were caught has risen markedly this year. Most had entered the country with valid visas as tourists, entertainers, students or businessmen. But then, once in Japan, they became illegal by overstaying or working in unauthorized jobs.

Guatemala Frees 60 Suspect Books

GUATEMALA CITY — The Guatemalan military has been ordered to release 60 allegedly Marxist-leaning books confiscated from a bookstore owner, in a ruling considered a first in this country that was long governed by the military.

In his ruling, the prosecutor argued that confiscation of the books marked a violation of freedom of thought and said no laws or government regulations should restrict the free circulation of literature.

The ruling was announced Monday by Guatemala's prosecutor for human rights, a judicial post recently created by the Christian Democratic government of President Marco Vinicio Cerezo. The books were seized at a border checkpoint as the bookstore owner attempted to bring them into the country from Mexico.

Why did they choose a country where it is so expensive to live? Officials say it is because Tokyo is a relatively short plane ride away, because well-paying jobs in the Middle East have dried up for East Asians and, most of all, because the strong yen makes salaries seem huge when converted into other currencies.

Reflecting this new more assertive mood, European governments have edged toward closer military teamwork, a development that has become clearer in recent weeks as European reinforcements reached full complement in and near the Gulf. European contributions to the Gulf includes the following:

- France has deployed the biggest European force, 15 ships, including its only attack carrier, the Clemenceau. Although France denies "escorting" or "convoying" ships, French missile frigates have been photographed accompanying French tankers on the Gulf. French counter-mine operations, Mr. Cordesman said, "directly improve U.S. convoys' security."
- A fifth of Britain's seaworthy frigates and destroyers are either on-station or earmarked for rotation to the Gulf, where Britain has an 11-ship contingent. Britain's minesweeping squadron, "the best in the world," a British defense official asserted — moved deeper into the Gulf last week, apparently to neutralize mines that eluded U.S. forces when they captured an Iranian mine-sowing vessel. British warships are providing tactical support, including anti-aircraft defense, for a Dutch-Belgian minesweeper flotilla that just reached the Gulf.
- Italy, with eight warships on station, is the only nation along with the United States to escort merchant shipping all the way to Kuwait. It is the Italian Navy's biggest combat operation since World War II.
- The Netherlands and Belgium have mounted a combined force of four minesweepers and a minesweeper command and support ship. Luxembourg is helping pay for this flotilla.
- West Germany, for the first time, has sent four warships to NATO in the Mediterranean to take over duties of allied vessels diverted to the Gulf from the western Mediterranean. This force "probably will stay as long as the Gulf situation warrants it," a West German Defense Ministry official said. West Germany is constitu-

ALLYES: Western Officials See Coordinated Gulf Armada as a Quiet Plus

(Continued from Page 1)

tionally forbidden to send warships outside the NATO command area, so this kind of "filling in" operation would be crucial in a division-of-labor approach to any future Western military intervention.

• Japan reportedly is paying for an advanced military navigation network in the Gulf that will facilitate mine hunting. The British-made system, Hyperfix, enables warships to determine and communicate their coordinates to within 10 yards (nine meters), according to a naval specialist at the International Institute for Strategic Studies in London. British, West German and U.S. officials confirmed the existence of this Japanese contribution, but none would provide details.

West Germany and Japan, both of which depend heavily on imported oil for their thriving industries, have in the past been reluctant to support U.S. military action in the Middle East. This time, a West German diplomat said, "My government is showing solidarity in NATO with the United States."

While their combined firepower far less than the U.S. Middle East Force, with its carrier-based fighter-bombers, the European navies are supplying some of the world's most sophisticated anti-mine capabilities. "The British and French both are cooperating much more closely with the U.S. Navy than anyone is saying publicly," Mr. Cordesman said. Pentagon officials confirmed this but refused to elaborate.

In addition, the presence of European warships seems to have suffered the West's image of readiness for escalation.

"When Europe showed up, it im-

pressed the Iranians," said Mr. Cordesman.

The Iranians would be "highly foolish" to expose themselves to maritime battle, added another expert.

Politically, the European presence has eased a diplomatic predicament for Arab nations in the Gulf by diverting attention from the U.S.-Saudi ties that underpin security arrangements on the Arabian peninsula.

These repercussions of Europe's role, together with its hints of bolder military cooperation among allies, rarely are stressed publicly by government officials.

The Reagan administration, a U.S. diplomat said, wants to leave the impression that Europe finally accepted that Europe finally accepted that U.S. views. In Europe, officials said, the politicians they served still felt uneasy to make a strong case to domestic

Wright Signs Pact With Shultz on Nicaragua

WASHINGTON — Representative Jim Wright, the speaker of the House of Representatives, and Secretary of State George P. Shultz held an unusual and hastily arranged meeting Tuesday to put their differences over Central American policy and tactics behind them and wish success to cease-fire negotiators.

After five days of feuding, they signed a six-point peace agreement in which they promised "not to create unnecessary problems."

Mr. Shultz said that "the speaker and I, as is well known, had a little tiff" during a White House meeting Monday over Mr. Wright's high-profile role in Central America's regional peace efforts.

The meeting reportedly included a heated confrontation between the two over the failure of Mr. Wright, a Texas Democrat, to keep the State Department fully informed of his activities.

"The important thing is to look ahead and focus on things we agree on," Mr. Shultz added.

Their statement said that they both wanted the peace process to succeed and that peace efforts should be concentrated in Central America and "guided primarily by Central Americans."

The statement concluded: "Neither of us wants to create unnecessary problems. We want to work together to bring about solutions."

However, it was apparent that Mr. Wright did not feel chastened. Asked if he would stop meeting with parties to the Central American peace accord, he replied: "No."

At the White House earlier, the chief White House spokesman, Martin Fitzwater, said of the dispute over the House speaker's role: "We are disturbed that there would be this kind of distraction from the process. We're trying to give it every opportunity to work. The debate between the speaker and the White House has distracted from that, and I think that's one of the unfortunate aspects of his involvement. But it's also why I prefer not to further the debate, because there are very important things going on down there that we need to keep the focus on."

A cease-fire is a key element of the Central American peace plan approved in August by Mr. Ortega and four regional presidents.

Meanwhile, a top State Department official, who declined to be identified, said Tuesday that the Nicaraguan government's cease-fire proposal is little more than a disguised attempt to help the Sandinistas achieve a military victory over the U.S.-backed rebels, known as contras.

The official said the proposal, unveiled in Washington last week by Mr. Ortega, "is the type of thing a conquering commander would issue as terms of surrender to a defeated foe."

Under Mr. Ortega's proposal, any contras who lay down their arms and accept a government offer of amnesty may rejoin the political life of the nation "with full enjoyment of rights."

The government asked the contras to move to any of three cease-fire zones where their safety would be guaranteed once the 30-day truce goes into effect Dec. 5. Humanitarian aid could be sent to the contras but military aid would be forbidden.

According to the official, the most appropriate way to carry out a cease-fire is to leave the troops of the respective sides in place. To send contras forces to locations designated by the Sandinistas would give the government forces the overwhelming advantage, he said.

WORLD BRIEFS

Goria Is Asked to Form New Cabinet

ROME (Reuters) — President Francesco Cossiga asked the outgoing prime minister Giovanni Goria, on Tuesday to try to form a new government after the collapse of his first administration last week, a presidential spokesman said.

The spokesman said Mr. Goria, a Christian Democrat, had accepted with reserve, a normal formula. The prime minister will announce full acceptance only if he succeeds in forming a cabinet.

Mr. Goria's first government, a coalition of his Christian Democrats, Socialists, Republicans, Social Democrats and Liberals that lasted for only 109 days, resigned Saturday because of an internal dispute over economic policy. It was Italy's 47th government since World War II.

Polish Police Halt Opposition Parley

WARSAW (AP) — An unauthorized press conference by founding members of the opposition Polish Socialist Party ended abruptly when the police cut off electricity to a Warsaw apartment. The police knocked on and detained participants and Western observers did not respond, held the door repeatedly, but when party members did not respond, held a dozen police burst in. An Australian diplomat and eight Western journalists were released shortly after the raid Monday night.

Meanwhile, the banned Solidarity trade union condemned planned price increases that would raise by 110 percent the cost of basic foodstuffs next year. The government announced measures Saturday aimed at curbing Poland's 20 percent inflation. It said the cost of living would increase by 40 percent this year. Foodstuffs are to go up 110 percent and rent and heating will go up 140 to 200 percent. A referendum on economic reforms will be held Nov. 29, but prices will go up regardless of the outcome.

Gunmen Kill Syrian Soldier in Beirut

BEIRUT (Reuters) — Gunmen killed a Syrian soldier in Moslem West Beirut on Tuesday and wounded another, witnesses said, in a blow to Damascus's military presence in the Lebanese capital.

The two soldiers were hit by automatic fire as they were walking in the crowded residential area of Zkai el-Bat, the witnesses said. It was the latest of a series of attacks on Syrian forces in Lebanon. About 7,000 Syrian troops were sent into West Beirut in February to end street battles between rival militias and restore order.

In a separate incident near Batroun, northern Lebanon, a Syrian soldier was accidentally shot to death by his comrades when they fired on a Lebanese soldier who was trying to flee from a checkpoint, the police said. The Lebanese was wounded in the leg.

U.S. Mayor Admits to Use of Cocaine

CHARLESTON, West Virginia (AP) — Mayor Mike Roark admitted Tuesday that he had used cocaine and pleaded guilty to six misdemeanor charges of cocaine possession as part of an agreement requiring him to resign from office by Nov. 24.

The plea agreement was reached just before the defense and prosecutors were to finish selecting a jury for the mayor's trial on 27 drug charges and three counts of conspiracy to obstruct justice. U.S. District Judge Walter Hoffman said Mr. Roark would be subject to one year in prison and a fine of \$5,000 on each of the six counts as part of the agreement.

Mr. Roark, a former Kanawha County prosecutor and a one-time assistant U.S. attorney in Pittsburgh, originally had pleaded not guilty to all the charges.

Opposition Links Roh to Korea Coup

SEOUL (WP) — A leading South Korean opposition party issued a detailed accusation Tuesday against the ruling party's presidential candidate for his part in a coup eight years ago, escalating the tension in what has quickly become a bitter campaign.

The broadside, issued by the Reunification Democratic Party of Kim Young Sam, accused Roh Tae Woo of conspiracy, rebellion, jeopardizing national security and committing crimes, torture and other "inhuman atrocities" during the 1979 coup. The party also called for a public accounting of those responsible for homicide in the coup, the closest opposition leaders have come to demanding punishment for past military misdeeds.

South Korea's first free election in 16 years is scheduled for Dec. 16. President Chun Doo Hwan, who took power through the coup, has promised to step down in February, and Mr. Roh, his chosen successor, is running against six other candidates.

TRAVEL UPDATE

U.K. Is Ready to Agree on Gibraltar

GIBRALTAR (AP) — Britain is prepared to reach an agreement with Spain over the status of the airport in the British colony of Gibraltar that would unblock a plan to lower air fares in Western Europe, Gibraltar Television said Tuesday.

The television's news editor, Paul Canessa, said that the British foreign secretary, Sir Geoffrey Howe, told the television Monday that he saw no problem in allowing Spain-bound passengers arriving in Gibraltar to bypass the colony's immigration checkpoint and pass directly through Spanish controls.

Prime Minister Margaret Thatcher opened Turkey's third international airport at Izmir on Tuesday to boost a thriving Aegean and Mediterranean tourist trade. The airport, which will be able to handle four million passengers a year, will be the country's largest air terminal after Istanbul, officials said.

Switzerland's largest nuclear shelter, the Sonnenberg road tunnel through the Alps, is being tested this week. The tunnel's massive steel and concrete doors, each weighing 350 tons, were hermetically sealed on Monday for the six-day exercise, cutting a road link between northern and southern Europe, bypassing Lucerne, that is used by an average of 32,000 vehicles a day.

Unions representing Italian pilots, navigators and flight attendants on Tuesday called off strikes set for Friday and Saturday that would have halted most air traffic in Italy. A schedule of talks has been arranged with Labor Ministry officials.

public opinion for military cooperation, especially outside Europe.

Developments in the Western European Union, a body that has been seeking to reinvigorate European military cooperation, illustrate how far governments have moved — and where they are stuck. The WEU's seven member governments accepted roles in meeting the crisis but then stopped short of constituting an integrated European expeditionary force.

The Netherlands, apparently motivated by a wish to combat the country's recent reputation for pacifism, started urging the creation of a European force in August after the conservative government assumed the presidency of the WEU, according to the current issue of Euro-strategies, a Belgian journal of European military developments.

France was eager to be joined in the Gulf by allies because it has felt exposed for years as Iraq's only prominent Western backer. French arms deliveries are credited with

staving off Iraq's defeat — and blamed for attracting Iranian-sponsored terrorism in France.

But, according to Euro-strategies, France rejected any plan for a unified European force, reiterating the Gaullist dogma that French forces must always serve under French command.

Italy wanted to send forces to the Gulf in response to public indignation after Iranian guerrillas rocketed the Italian freighter Jolly Regino in September. But Italy wanted a United Nations force.

These discussions were overtaken by events in September when Iran started sowing mines throughout the Gulf, and not just around Kuwait. Britain immediately dispatched minesweepers to the Gulf, joining the Armilla Patrol, a naval unit that had been cruising there quietly since the outbreak of the Gulf War seven years ago.

In addition, Britain — in a move the journal called "surprising" because the government of Prime Minister Margaret Thatcher appears lukewarm about European cooperation — volunteered anti-aircraft defense for a Dutch-Belgian force.

A British diplomat added: "West Germany offered to compensate for NATO drawdowns, and Luxembourg offered money, so we had a hat trick" — meaning that all seven WEU nations were engaged in the same military operation.

Quarried about the WEU's role, U.S. officials emphasized the disparity between the European governments' new bite in the Gulf and muffled bark at home. A WEU official was cautious about the outlook for this organization. "We were useful, and it could, maybe, be the first step toward more."

GULF: Iran Says N-Plant Is Hit

(Continued from Page 1)

Strait of Hormuz shortly after it sailed from Dubai, where it had been undergoing repairs.

Sources at the Kuwait Oil Tanker Co. declined to say why it was leaving the Gulf empty rather than going to Kuwait to pick up a load of crude oil.

The convoy, the 18th since the operations began in mid-July, was made up of two other Kuwait tankers sailing under the American flag, a U.S. Navy tanker and five warships, including one of the navy's recently arrived ocean minesweepers.

The Bridgeport struck a mine in

the first U.S. convoy on July 24 in the northern Gulf and made only one trip down the Gulf, partly loaded. It went into the Dubai shipyard for repairs on Sept. 14.

Since then, there have been no significant incidents involving the convoys, in which U.S. warships escort the tankers that President Ronald Reagan agreed to protect against Iranian attacks.

The southbound convoy included oil products tankers — an 81,283-ton Surf City and the 79,999-ton Chesapeake City — and the navy tanker Richard C. Maheisen. Three missile frigates and a cruiser provided escort coverage.

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Herald Tribune

Published With The New York Times and The Washington Post

Waiting for the Other Guy

"We're really addressing the stark realities," the House Minority Leader, Robert Michel, said as the budget talks between administration and congressional representatives recessed the other day. No, they are not — not the administration, not either party in Congress. The evidence is that they have all been thinking small when they should have been thinking large. They will cut a deal, but the more they quibble, the less notable their accomplishment is likely to be.

The market sent them all a mighty message last month. The United States has been living beyond its means; the people who have been financing the binge, mostly foreigners, will not do it anymore, not with the same liberality, not without exacting a higher price. Everyone agrees now that Americans have to retrench, even the president. But everyone has continued to want the other fellow to blink first. The Republicans want to keep taxes down and defense spending up; the Democrats want to protect domestic programs. Neither side has had the courage to tackle Social Security benefits.

So they have been nickel-and-dime one another. In a trillion-dollar budget they have been only a couple billion dollars apart in each of the three main categories — taxes, domestic spending and defense. They have been fighting for marginal advantage in a game of inside budgetball that only they will

ever know the score of. The press release has been as much at stake as the programs. They will only get to about \$23 billion in real savings this way. Especially given the overly generous estimating that accompanies these exercises, they ought to go higher. A total of \$30 billion would be about right — no gimmicks, forceful as to the deficit, not so forceful as to threaten the economy. To get there without asset sales or other bells and whistles, they need to lift their sights. In particular, the tax increase and domestic spending cuts they are considering need to be enlarged. The way to do the spending cuts is to squeeze the fifth of the budget that is Social Security. That can be most fairly done by subjecting a larger share of Social Security benefits to the income tax or, lacking that, by holding next year's benefit increase a couple of points below inflation — not simply delaying its effective date.

On the tax side the assorted minor provisions in the House Ways and Means Committee and Senate Finance Committee bills should be anchored with a major increase, in the gasoline if not the income tax. Then there would be credible deficit reduction. The members quail at this. The irony is that they would be much more praised than punished for it at the polls. They underestimate the crisis — and the voters.

—THE WASHINGTON POST.

What War on Drugs?

The marijuana smoking that led to Judge Douglas Ginsburg's withdrawal from consideration for the Supreme Court also revives questions about President Reagan's war on drugs. What war on drugs?

A year ago, with the United States alarmed about crack and the drug-related deaths of sports figures, President Reagan proclaimed a "national crusade" against drug abuse. Congress quickly contributed \$1.7 billion for the campaign.

Today the effort stands exposed as "a sham" — in the words of Senator Alfonse D'Amato — a monument to cynicism that substitutes oratory for clear policy and determined effort. That is especially disarming: ingredients of a clear strategy are at hand.

After the president and Mrs. Reagan made their early televised appeals to "just say no" to drugs, Mr. Reagan quickly lost interest. Not long after he signed the bill funding the antidrug campaign, White House officials proposed cutting the new federal funds for law enforcement, drug treatment and abuse prevention.

Much of the money that did get approved was doled out by mid-level budget officials with little understanding of the drug problem. Meanwhile, the coast guard and the Customs Service warred over turf.

Some initiatives, like the 24 task forces to fight crack, evaporated entirely. The campaign did produce an increase in drug seizures and arrests. But that had negligible effect on drug use — and it now threatens chaos in overcrowded federal prisons.

The Reagan drug war, in short, has turned into a squandered opportunity. Yet it is not too late to formulate a battle plan, and the starting point is to distinguish the issues posed by each drug.

• Marijuana. Disrupting the foreign-grown supply only drives up the price for domestic product. The Ginsburg incident demonstrates anew the wide tolerance of

behavior still classified as illegal. The drug may have adverse effects on the user, but they are on a par with those of tobacco and alcohol. They do not warrant outlawing marijuana so much as discouraging excessive use.

Rather than saddle law enforcement with the task of suppressing pot, authorities could frankly acknowledge the wisdom of decriminalizing it. Possession of an ounce (about 30 grams) or less has already been reduced to a ticketable offense in 11 states.

• Cocaine. Since cocaine is hard to grow in the United States, diplomatic efforts to reduce the foreign crop make sense. An aerial spray would be a major advance; tearing up coca bushes by the roots is labor-intensive and invites violent confrontation with farmers. At home, meanwhile, police are developing new tactics against street-level drug processing and selling. These could be expanded and emulated.

• Heroin. Treatment offers the most obvious benefit. Most addicts eventually tire of their habit; all who do ought to be granted immediate help. That includes the option of using methadone, a drug that blocks heroin craving while permitting the addict to lead a normal life. Much might be done to expand treatment rapidly just by easing requirements that dispensing of methadone be accompanied by heavy counseling and other social services.

To its credit, the Reagan administration recently has permitted more liberal dispensing of methadone on an experimental basis in New York City. It also now proposes modest but worthwhile modifications of the federal rules. But much remains to be done.

Without clear goals and strategies, it was inevitable that the war on drugs would bog down. Articulating them is a challenge worthy of — and expected of — the presidential candidates who claim that they know how to lead, and where.

—THE NEW YORK TIMES.

Don't Dally on the Visas

The State Department authorization bill left the U.S. Senate with dozens of amendments that had not been part of the measure that the House of Representatives passed. Some are frivolous, some are one-spirited, but a handful have real merit. One of these would make it clear that with certain exceptions no one could be denied a visa to visit the United States simply because of past or current political beliefs or associations, or on the basis of the expected speech of an alien's speech while in the United States.

This amendment was adopted unanimously by the Senate Foreign Relations Committee and was passed without a dissenting vote by the full Senate. It was expected to meet no opposition from House members of the conference now in progress. But trouble has developed. Liberal members of the House Judiciary Committee have objected to the amendment in the Senate version of the bill. Part of this is a turf fight: The Judiciary Committee and not Foreign Affairs should have jurisdiction over visa matters. And some of it is strategic. House Judiciary members are said to prefer the more extensive changes that would be made by a bill introduced by Representative Barney Frank. It would be a mistake, though, to continue to oppose the change that is all but accomplished in favor of a hope that something even better could be passed later.

Last month, an evenly divided Supreme Court placed limits on the government's power to exclude aliens because of political beliefs or expected speech. Because of the tie, however, the ruling applies only in the District of Columbia, where the case arose. The Senate amendment complements that ruling because it covers any government action, not only that invoked in a certain section of the immigration laws, and because its application would be nationwide. These are important improvements. If House members can move the Frank bill later, and if it wins wide support in the Senate, fine. But there is no need to forgo the improvements that could be made in a few weeks in favor of something that is perhaps better next year.

—THE WASHINGTON POST.

Other Comment

Failings of Socialist Reform

On the very day that Boris Yeltsin was dismissed for excessively enthusiastic support for reforms, the Hungarian Communist Party Central Committee issued a communiqué that puts the dilemma of reforming Communist societies in a nutshell: On the one hand, it says, economic reforms should serve the development of the nation as a whole, but on the other hand the Communist Party must play the leading role in executing the reforms.

On the one hand, socialism should evolve from the dictatorship of the proletariat to

genuine popular government, but on the other hand socialist democracy must be understood only as self-management in the Marxist sense. This vacillation on the part of the Hungarian Communists is in keeping with the present situation in the socialist camp, but is unlikely to satisfy anyone.

Many in the West saw the Yugoslav model of self-management as a promising alternative. [But] economic chaos, political infighting, scandals and ethnic strife have brought the country to the verge of a political, economic and moral crisis, for which the politicians clearly have no answer.

—Neue Zürcher Zeitung (Zurich).

Reagan's Fight To 'Lock In the Revolution'

By David S. Broder

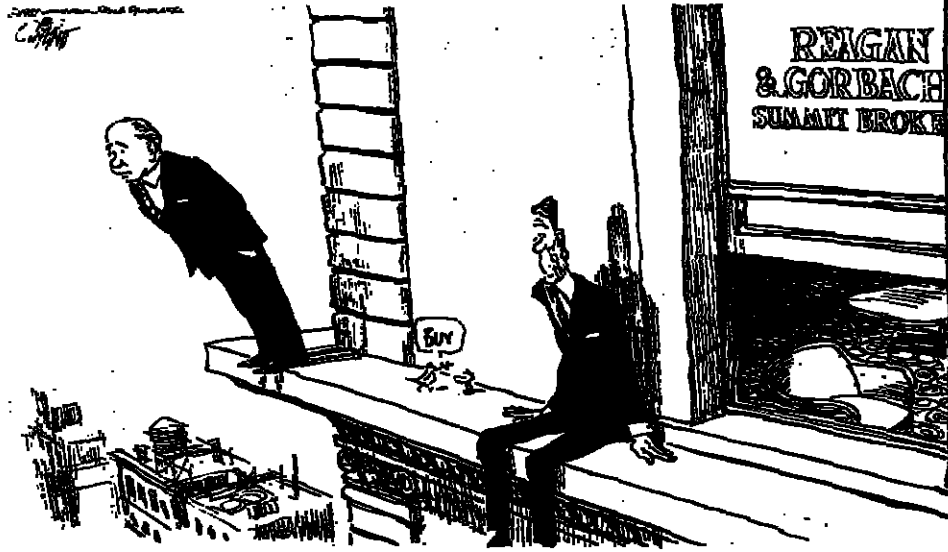
WASHINGTON — A year ago this month, Ronald Reagan met with his cabinet and senior White House aides to assess his situation. Control of the Senate had just swung from the Republicans to the Democrats. The Iran-contra story was beginning to unravel. And the candidates for the 1988 presidential election were elbowing forward, signaling the approaching end of Mr. Reagan's tenure.

The message that emerged from those meetings, a former cabinet member recalled last week, was embodied in the slogan: "Lock in the Reagan Revolution." Any effort to undo what Mr. Reagan had accomplished in his first six years was to be resisted. Any opportunity to institutionalize the changes — to secure them against tampering by Congress or the next president — was to be seized.

The reflex to dig in and fight was understandable. But the clear implication was that 1987 would be a year of confrontation for the chief executive. And now circumstances have forced Mr. Reagan to abandon that posture for one of conciliation and consensus-seeking. The result may be to diminish him in the eyes of ideological cadres but to enhance him as an asset for the Republican Party in 1988 and perhaps secure his legacy in a different way.

The "lock in the revolution" strategy was clearly embodied in the January Reagan budget, which slashed at domestic spending and tried to reaccelerate the slowing military buildup. It was evident in the State of the Union address, which laid down a hard line on continued support for the anti-Sandinista contras and the development of the Strategic Defense Initiative. It showed in Mr. Reagan's quick vetoes of the highway bill and the Clean Water Act. It surfaced later in the year in the effort to promote "an economic Bill of Rights," including the balanced-budget amendment and line-item veto authority. And it was the underlying motive in the effort to place Judge Robert Bork and later Judge Douglas Ginsburg on the Supreme Court.

There was nothing sneaky or dishonorable about the confrontation strategy. But it has failed, and now it is being changed. Mr. Reagan is trimming to meet the altered circumstances of his presidency, acknowledging last week that recent



'Gee, Gorb, do we always have to take our business meetings out here?'

experiences "have made us all a little wiser." You can see the change in his selection of Judge Anthony Kennedy as the fallback candidate for the Supreme Court, in his belated willingness to negotiate a budget compromise with the congressional Democrats, in the decision to postpone a request for new funds for the contras.

For Mr. Reagan, the lessons began painfully. The Iran-contra affair undermined much of the public support that gave him political leverage in Washington. It put the administration on the defensive for 10 months, sapped the White House's energy and, for a time, quenched Mr. Reagan's own optimism and assertiveness. It forced an overhaul of the White House, including the dismissal of the combative Donald Regan as chief of staff and his replacement by former Senator Howard Baker, who is an instinctive conciliator.

The second unexpected circumstance was the vigor of the political opposition, notably the new speaker of the House, Jim Wright of Texas, and the band of younger moderate-liberal Democrats in the Senate. Unlike his predecessor, Thomas O'Neill, whose anti-Reagan bark was worse than his bite, Mr. Wright clearly has delighted in ripping up Mr. Reagan. And he has found many occasions to indulge his appetite.

In the Senate, George Mitchell of Maine and the Southern Democrats he helped elect last year as chairman of the Democratic Senatorial Campaign Committee have brought new brainpower and backbone to that flaccid body — as the Iran-contra hearings and the Bork fight showed.

U.S. Pressure Can Save Haiti From an Election Fiasco

By Michael S. Hooper and Anne Mannel

NEW YORK — As Jean-Claude Duvalier headed for exile in a U.S. air force jet on Feb. 7, 1986, the world rejoiced at Haiti's sudden opportunity to escape from tyranny and to embark on democracy. Hopes that elections scheduled for Nov. 29 would fulfill that dream grew when a powerful coalition of grassroots organizations joined the Roman Catholic Church to support the process. This strong, united opposition is precisely what has caused the Duvalierists to react so violently in recent weeks.

Now Haiti is a country at war. On one side is the majority of Haiti's long-suffering population, which enthusiastically set the stage for democracy by drawing up and approving a new constitution that set the ground rules for elections.

On the other side are the associates of the Duvalier family, who fear elections will rob them of their obscene privileges. Haiti's military-dominated "transition" government clearly sides with the latter. Haitians have every reason to believe that the United States does as well.

Tragically, violence has all but dashed the democrats' hopes. The Reagan administration, despite an early insistence that elections proceed fairly, has silently watched the military re-establish a stranglehold

on the country (while pouring in huge amounts of aid), and bears a share of the blame for the debacle.

The promise of a fair election may have been immolated along with the provisional electoral council's headquarters in a fire after a break-in on Nov. 2. A regional election bureau also was torched, as was a commercial building that belonged to an electoral council member.

On Nov. 5, arsonists ignited a major printing plant, destroying hundreds of millions of dollars in aid, including funds for the military and police.

The months preceding the elections have been marked by an official lawlessness akin to the worst offenses of the Duvalier years. Last summer, the military and security forces killed more than 50 Haitians in unprovoked attacks. In July, more than 300 members of a peasant cooperative were massacred by paramilitary forces linked to the Tonton Macoutes and peasants organized by landowners in the northwestern village of Jean-Rabel. More recently, death squads have sprung up in the capital's slums. On Oct. 13, plainclothes police assassinated a presidential candidate, Yves Volé, in front of the police station in Port-au-Prince

war if his candidacy was refused. The current crisis has been building ever since the last days of the dictatorship. Before heading off for the French Riviera, Mr. Duvalier hand-picked the military-dominated regime that was intended to guide the nation's transition to democracy. Mr. Duvalier's notorious Tonton Macoutes, who had terrorized Haitians for decades, were not disbanded.

Despite these alarming developments, Washington sent hundreds of millions of dollars in aid, including funds for the military and police.

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as journalists looked on helplessly. With its \$100 million aid program, Washington wields great influence with Haiti's rulers. Yet the Reagan administration has yet to utter a disparaging remark about their conduct and even certified progress on Haiti's human rights record in August.

About the cold-blooded murder of Mr. Volé by U.S.-trained police forces, Charles Redman, the State Department spokesman, offered the stock lines: Administration officials "deplore" political violence of any kind, and they "stand firmly behind" Haiti in its transition to democracy. Mr. Redman uttered similar statements after the latest violence.

This is not the time to invent excuses for the Haitian government. After 30 years of dictatorship, many Haitians still cling to the hope that the elections will be partly salvaged. This is impossible unless the United States denounces the terror campaign and demands at the very least that Haiti's rulers provide security for the electoral council, the candidates and, above all, Haiti's voters.

Michael S. Hooper is executive director of the National Coalition for Haitian Refugees. Anne Mannel is a consultant to Americas Watch, a human rights organization. They contributed this to The New York Times.

The Long, Violent History of the Libya-IRA Connection

By John K. Cooley

LONDON — The Irish Republican Army and Colonel Moammar Gadhafi's Libya have had a long, violent history. The IRA's bombing that killed 11 persons and injured 61 as they remembered their war dead at Enniskillen, Northern Ireland. Each has ample reasons for regrets.

People in the North and in the Irish Republic believe the IRA has seriously, perhaps irrevocably, damaged its cause and that of Sinn Féin, its legal political arm.

Colonel Gadhafi, who has sent arms to the IRA before and who almost certainly was responsible for the 150-ton cargo aboard the rusty oil coaster, the Eksund, that French authorities intercepted off Brittany on Oct. 30, may have lost even more of his influence over guerrilla and terrorist groups the world over.

(Libya denies responsibility for the Eksund, but disclosures to the French police by five Irishmen aboard, along with other information, have persuaded authorities in Paris, London and Dublin that the cargo's source was Libya.)

The recent events raise important questions: How regular have arms supplies to the IRA been? Are the

countries of origin changing? Perhaps most important, who pays for them?

After Britain allowed the United States to use its bases for the air raids against Libya in April 1986, Colonel Gadhafi vowed to retaliate. When Prime Minister Margaret Thatcher defended the decision on the bases, she referred to at least one of the four big arms shipments (none approved the size of the Eksund's load) found by Irish police four months earlier, stored in boxes labeled "Libyan Armed Forces."

Colonel Gadhafi's support for the IRA dates to the first years after he took power in 1969. Members of the Provisional wing of the IRA were frequent guests in Tripoli. Then on March 20, 1973, a cargo of about 5 tons of Libyan arms aboard the gunrunner Claudia was tracked from Tripoli by the British navy and seized by the Irish navy as the crew tried to land the arms in County Waterford.

For a while, the Libya-IRA connection was dormant. It picked up again with a vengeance after a British policewoman, Yvonne Fletcher, was killed by shots fired from inside the Libyan mission in London during a demonstration on April 17, 1984. Britain broke relations with Libya.

Tripoli radio then promised that the ruling "people's committees" would "form an alliance with the secret IRA" with a view to "liberating the Irish nation from the tyranny of British colonialism." The people's committees would open branches for the IRA in all Libyan towns, the radio said.

The IRA, Colonel Gadhafi declared, is not a "terrorist army" but one with a "just cause," the fight for "the independence of their country" — words almost identical to those often heard from the IRA's many supporters in the United States.

The British struck a serious blow to the IRA on April 26, 1986. Seamus McElwaine was killed, and Kevin Lynch injured when a British army unit caught them planting an 800-pound (360-kilogram) bomb by the road, not unlike the one planted at Enniskillen (the IRA blames British army radio scanners for triggering the bomb prematurely).

Mr. McElwaine had been serving a life sentence for two murders when he escaped from Northern Ireland's Maze prison. Armalite rifles he and Mr. Lynch carried had been used for two other murders in February 1986. The Irish police suspected that they were part of a Libyan shipment.

Equally suspect was the Semtex plastic explosive used in a car bomb that killed Northern Ireland's lord justice, Maurice Gibson, and his wife near Northern Ireland's border with the Irish Republic on April 25. But no one has been able or willing to say where such explosives have come from, or who pays for them.

Britain's Northern Ireland secretary, Tom King, says a large part of the arms the IRA now uses come from Libya, because improved cooperation from authorities in the United States has dried up IRA sources there. As recently as Sept. 29, 1984, a 7-ton arms shipment that had left Boston on the trawler Valhalla and which had been transferred at sea to an Irish ship, the Maritima Ann, was captured off the southwestern Irish coast.

Do Kremlin Conflicts Put INF at Risk?

By Drew Middleton

WASHINGTON — Will the internal conflict now convulsing the Soviet leadership spill over into the international field and affect the planned signing next month of the Intermediate Nuclear Forces treaty by President Reagan and the Kremlin leader, Mikhail Gorbachev?

This probably is the most important problem in international affairs at the moment. There are strong signs that the internal Soviet conflict exists, but its effect on foreign and domestic policy — especially on the new policies brought forward by Mr. Gorbachev — are unknown. Soviet action remains, in the words of Winston Churchill, "a riddle wrapped in a mystery inside an enigma."

The Reagan administration line now is that all is going well in the final negotiations at Geneva and that the INF treaty will be ready for signature in early December. Many American diplomats abroad and an even greater number of U.S. and NATO intelligence officers who concentrate on Soviet affairs are not so optimistic.

These experts fear that they and their higher-ups are able to glimpse only the surface indications of the struggle they believe is going on within the upper echelons of the Soviet Communist Party. As some see it, this struggle pits Mr. Gorbachev and his allies against the entrenched, mostly elderly members of the party who oppose any rapid adoption of the policies he advocates.

Those who follow such reasoning believe that this older group encouraged Mr. Gorbachev to get rid of Boris Yeltsin, his longtime ally and Moscow party chief. By doing so, they argue, the general secretary quieted most of his party foes while ridding himself of a critic.

A second view, held largely by European diplomats and intelligence sources, is that Americans have misjudged Mr. Gorbachev from the outset. The tendency in the White House and in the U.S. media, these sources believe, has been to credit the general secretary with more power than he actually wields and with more liberalism than the party will accept.

This group reckons it is unwise to accept the views of a few dissidents or anonymous sources on *glasnost*, or openness, and to ignore the feelings of the Soviet people who, they argue, are far more interested in an expansion of food supplies than they are in whether they can read an interview with a former political inmate.

Above all, these sources insist, it is foolish to put too much emphasis on what Soviet intellectuals think. An intellectual may compare present events to Stalin's purges. But, again, most Russians were not born 50 years ago and have forgotten about Stalin.

Diplomatic and intelligence sources appear to believe that the INF treaty will be signed eventually. But many expect that before it is completed, the Soviet negotiators will raise some difficulties on points connected with verification. Men representing close U.S. allies fear that the Reagan administration, in its eagerness to win what will be proclaimed a diplomatic victory, will give way.

Some say there will be a delay in Mr. Gorbachev's visit to Washington and in the treaty signing for reasons connected first with the completion of the treaty and, second, with the conflict now going on in the party. "No dictator, and don't forget that's what this chap is," a foreign intelligence officer said, "wants to leave an untidy room at home. He'll want everything cleaned up before he goes."

But few think the treaty in something close to its current form will not be signed. This is primarily because most believe that the Soviet Union needs this treaty and perhaps others to help it escape from its heavy burden of arms procurement.

Nor is there much doubt in the minds of those questioned during the last week over what the Soviets will ask in return for any new agreement curtailing weapons, probably strategic nuclear missiles. It will be at least a partial ban on development of the U.S. Strategic Defense Initiative.

SDI has been a nightmare to the Soviet Union's military-industrial complex since the United States first started serious research. Nor because the Soviets had not done work in the same field. They had. But because they were reasonably sure that to compete on a major scale with the United States in this field would break an already fragile economy.

Some Americans have begun looking at their country as a sorry mess; they should take a good look at Russia.

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100, 75 AND 50 YEARS AGO

1887: Scots Withdraw

GRENFLOCK, Scotland — William York, Secretary of the Royal Clyde Yacht Club, today [Nov. 17] dispatched a communication to the Secretary of the New York Yacht Club withdrawing the challenge to compete for the America Cup, on the ground that Mr. Schuyler has imposed unfair and unsportsmanlike conditions, the most unjust of which is a stipulation that no time allowance is to be given. Meanwhile, Captain Barr, of the Scotch yacht *Thistle*, was presented at Glasgow with a handsome binocular glass, in acknowledgment of his humanity to survivors of the steamer *Harkaway*, which foundered off the Shetlands last year. The rescue was effected at great risk. Captain Barr's vessel being maneuvered during a gale.

1912: Wilson Sails Away

NEW YORK — Woodrow Wilson, who left for Bermuda [on Nov. 15] accompanied by Mrs. Wilson and

their daughters, went for rest and to escape from the army of office-seekers who would otherwise be camping on his trail. The work of the President in his first year of office usually concerns the distribution of the spoils of office to hungry job-seekers, and legislative matters come next. Mr. Wilson retired to his cabin on the steamship early. "Please say I am dead to the world for one month," he said.

1937: Panic in Nanking

SHANGHAI — Reports reaching here from Nanking today [Nov. 17] said that near-panic has seized the Chinese capital as thousands flee before the advancing Japanese. Unconfirmed reports state that 70 Japanese warships moving up the Yangtze River have reached the boom constructed across the river 10 miles from Nanking. Generalissimo Chiang Kai-shek is said to have resigned the Premiership in order to devote his entire attention to a desperate effort to drive off the Japanese offensive.

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B. DANZIGER.

OPINION

From the Arias Plan, a Scenario for War

By Stephen S. Rosenfeld

WASHINGTON — At the end of the road that President Oscar Arias Sánchez of Costa Rica wants the Western hemisphere to follow as an alternative to U.S. military intervention in Nicaragua lies, crazily enough, U.S. military intervention in Nicaragua.

It is a long shot and Mr. Arias hopes there will never be a need to go that far down that alternate road. He hopes Nicaragua will bow to the region's and hemisphere's moral, political and economic pressures to democratize — the pressures that are being applied and others that might be organized if the Sandinistas drag their feet.

But he has stated that if the Sandinistas finally do not comply with the commitments they have undertaken in the Central America peace plan, then he will consider invoking the hemisphere's basic security charter, the Rio Treaty, and ask for U.S. intervention. He does not think the Nicaraguan rebels, known as the contras, are up to the job.

Part of his openness to this option is a traditional Latin feeling that, if things get bad enough — Mr. Arias mentions the Dominican Republic and Grenada — the United States will invade, taking care of a problem that the Latins know is serious but cannot handle themselves.

These experts fear that they are only the surface indications of a struggle they believe is going on in the upper echelons of the Soviet Communist Party. As some of his allies put it, Mr. Gorbachev is mostly elderly members of the party who oppose any rapid adoption of the policies he advocates.

Those who follow such reasoning believe that this older group managed Mr. Gorbachev to get rid of Boris Yeltsin, his longtime ally and Moscow party chief. By doing so, they argue, the general secretary quieted most of his party's loss of riding himself of a critic.

A second view, held largely by European diplomats and intelligence sources, is that Mr. Gorbachev has a set of the Sandinistas in the White House and in the U.S. media. These sources believe, based on their own observations, that the party will win the election.

— Wayne S. Smith, adjunct professor of Latin American Studies at Johns Hopkins, in the Los Angeles Times.

away from the Somoza dictatorship only to find them later ignoring the OAS's desire to see progress toward democracy and on human rights.

The Sandinistas did not seem to fret about the OAS while the United States was out front with the contras. But when Mr. Arias got out front with a Latin plan, they could no longer hide behind the built-in Latin antipathy to almost any form of U.S. intervention.

This is surely why President Daniel Ortega showed up last week at the OAS meeting in Washington, his first. It is why the Nicaraguans circulated a proposal — Latin pride makes it a nonstarter — to rule out any OAS sanctions not approved by the United Nations.

Would Mr. Arias ever go to the extreme of a request for U.S. intervention? Presumably it would require the Sandinistas to abandon the discretion that now marks their policy and to cross a threshold of outrage that they now respect. It would require from Mr. Arias himself a decision that he had been deceived by the Nicaraguans and held up to dishonor. Still, it is a long shot.

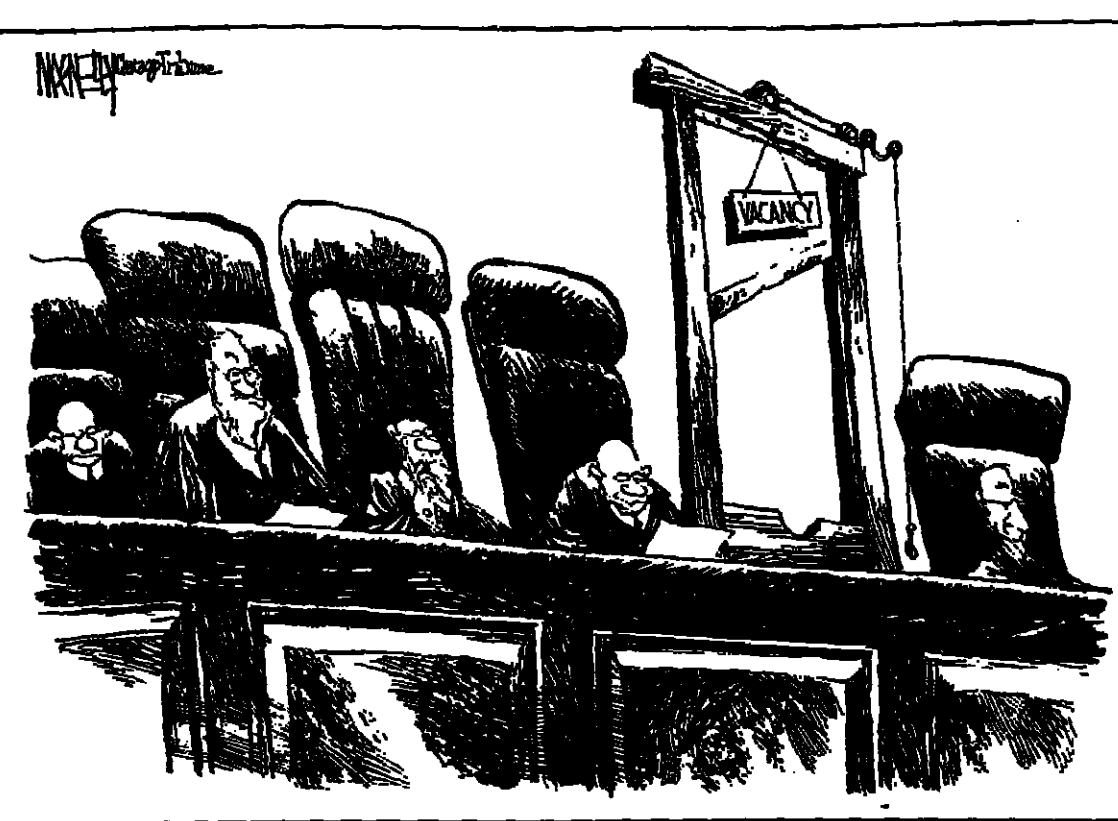
"Some observers," Secretary of State George Shultz suggested to the OAS, wonder whether such organizations can tackle the "highest priority issues."

Certainly the OAS will help as much as it can to put into effect an agreement among the Nicaraguan or Central American parties. But in the event of a second Sandinist betrayal, would the OAS ever go along with an Arias request for intervention or, for that matter and perhaps more to the immediate point, with a request for sanctions less severe than a military operation?

That leads to counting votes. Here is one savvy count of the key "Rio group" of democracies that constitute a tentative "OAS without the United States": Mexico and Peru would be in opposition, Colombia and Venezuela would be more favorably inclined, Brazil would keep out of the discussion, Argentina and Uruguay would be pivotal, but they have strong, easily mobilized leftists.

Still, Mr. Shultz's point remains valid: "After what happened in 1979, it would be doubly irresponsible for us [of the OAS] to help reopen the door of democratization in Nicaragua only to allow it to be slammed shut again."

The Washington Post.



Budget Cuts Are So Easy

By Jay C. Baris

NEW YORK — If the stock market crash taught us anything, it was how to cut the U.S. budget deficit by \$100 billion or so without raising taxes. It would be simple, using time-tested financing techniques already employed by the Reagan administration.

The first step would be to stimulate the stock market until Dow Jones industrial average reaches, say, 2,500. Given

MEANWHILE

the market's volatility, that should not take more than a few days.

The government could do this by redistributing existing wealth, which is not Marxism but simple Reaganomics. Just as it did in 1981, Congress could stimulate investment by rewriting the tax laws to put billions into the hands of the rich, who would have nothing to do with the money but speculate in stocks.

Congress might further liberalize depreciation schedules while eliminating taxes on capital gains. The market would explode in a frenzy of greed.

At this point, in strict accordance with a secret scenario laid out in advance, the government would repeal the tax liberalization measures but not before applying a technique it perfected in the Ivan Boesky insider-trading case.

Recall that to avoid a panic in the markets the government allowed Mr. Boesky to cash in much of his stock holdings before his insider trading became public. The same strategy could be followed here, quietly allowing a group of wealthy investors — perhaps close friends of the Reagans — to bail out before news of the repeal leaked out.

In return, the investors would pledge to return enough of their capital gains to prune the budget deficit by \$100 billion.

Would the privileged investors go along? Sure. They would lose only paper gains, and the drastic cut in the deficit would head off another market nose dive, prevent a recession and restore international confidence in the U.S. economy, all without raising taxes.

This approach would also offer Mr. Reagan a last and best chance to recover momentum for his final year in office. If he could pull this off, negotiating a 50 percent reduction in strategic arms with the Soviet Union would be easy.

The author, a lawyer, writes on financial topics. He contributed this comment to The New York Times.

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LETTERS TO THE EDITOR

sition to the Russian nationality policy. Surely, then, Mr. Pfaff cannot include Ukrainians with their long history of struggle for independence in the offensive phrase, "most ordinary Russians."

The Soviet Communist Party leader, Mikhail Gorbachev, may well try "to rescue his country from a pre-crisis situation," but this will never happen until he begins to resolve the nationalities question and accepts the right to independence of the non-Russian republics.

IRYNA KAPUSTYNSKY-SZUPER, Munich.

The New Yorker Is Slipping
In response to "Grudging Respect for New Yorker Editor" (Nov. 13):

The editorial changes at The New Yorker are interesting, if not a great improvement, and fortunately the artists and other writers have not lost their sense of the ridiculous. However, the aggressive commercial quest of the New Yorker organization, which now owns the magazine, is an intrusion.

The flashy inserts and half-page double-advertisements distract from the editorial content. This sacrifices literary tradition and class, which is too bad for the readers.

SUZY PATTERSON, Paris.

Prague Didn't Miss a Beat
Regarding "Prague Lets Anniversary of 'Don Giovanni' Slip By" (Nov. 3):

The Czechoslovaks that Henry Kamm refers to in his criticism of what

he considers insufficient publicity of the "Don Giovanni" bicentennial in Prague would probably be startled: The celebration has been the talk of the city since the beginning of the year.

The fact that restoration work at the 18th-century Tyl Theater, which saw the "Don Giovanni" premiere in 1787, prevented the anniversary performance from being held there is deplorable. But to describe the many concerts, exhibitions and lectures staged to mark the opera's anniversary as "few events" enjoying "no publicity to speak of" is at deep variance with reality.

In fact, the celebrations of the event, which was given extensive media coverage, amounted to a weeklong festival of Mozart's music, including two performances of "Don Giovanni" on the bicentennial day alone.

MILAN MACHACEK, Pardubice, Czechoslovakia.

All Goons Are Not Thugs
Regarding "Scabs, Ginks and Finks" (Language, Nov. 2) by William Safire:

The word "goon" is, I believe, derived from the Indian word *gunda*. A goonda is a bad character, a person to be avoided. A "thug" was a member of a religious group in India who committed thuggery (murder and robbery) in the service of the Hindu goddess Kali. Thus all goons are not thugs. As my cook-beatler used to warn me, "Oh sahib, in the marketplace please take care [to avoid] the goondas and domes," or untouchable sweepers.

WILLIAM K. ANDERSON, Oslo.

Lost in a U.S. Smoke Screen
The controversy over Judge Douglas Ginsburg's nomination to the Supreme Court and his past marijuana smoking disturbs me. It is a sad day when American society forces court nominees and presidential candidates to answer questions about whether they ever used marijuana. A "yes" means they almost certainly will lose, and a "no" means they are covering up — unless they actually are telling the truth, which, in any case, they could never prove.

Those Americans who still aspire to high office must be worrying what's next on the "puritanical life-review" list. What will happen is that many intelligent and qualified people will shy away from political leadership.

THOMAS MOON, Boulogne-Billancourt, France.

A Truth From Gonzoland
Regarding the feature "Hunter Thompson, Ex-Gonzo Journalist" (Oct. 19):

Mr. Thompson may or may not have changed his opinion about whether real democracy exists in the United States. Either way, his observation of 15 years ago that the United States was a nation of 220 million used-car salesmen "with no qualms at all about killing anybody else in the world" has lost none of its validity. Mr. Thompson was asking who would have allowed Richard Nixon to triumph in 1972 but a nation of Richard Nixons, or used-car salesmen.

RODERICK MILLER, Geneva.

GENERAL NEWS

Anti-Noriega Charges Backed in Panama

By Larry Rohter
New York Times Service

PANAMA CITY — A former commander of the armed forces says accusations that Panama's military leader, General Manuel Antonio Noriega, has been involved in political assassination, drug trafficking and election rigging are "correct" and "legitimate" and has called on General Noriega to step down to avoid a "bloody confrontation."

The former commander, General Ruben Dario Paredes, said in an interview Sunday that "if Noriega has the sentiments of a Panamanian" he would relinquish his command and go into exile.

General Paredes said General Noriega had been mentally "deformed and distorted" by the unlimited exercise of power and bore responsibility for what he called the military's "loss of prestige" and growing isolation from the Panamanian people.

A country of 2.2 million people, Panama was plunged into a political crisis in June when General Noriega's dismissed second in command, Colonel Robert Diaz Herrera, said the general had falsified the results of the 1984 presidential election and planned the killings of political rivals. General Noriega denied the accusations, calling them "high treason."

Protests broke out in several cities and have continued intermittently in the face of increasingly harsh efforts by riot police and other armed forces to quell them.

Colonel Diaz Herrera was arrested in July and has since recanted his accusations. But General Paredes said Sunday that he thought Colonel Diaz Herrera had recanted under duress.

"Almost all of Diaz Herrera's declarations seem to be true," General Paredes said. "His proofs are only circumstantial, but he has them because he has intelligence

and knows what happened because he was there."

"He does not have the photographs of them doing these things, like falsifying the results of the election," General Paredes said sarcastically. "He lacks that, but that is all."

General Paredes previously had not commented publicly on Colonel Diaz Herrera's accusations. The general emphasized that he had no new evidence to present and said his conclusions were drawn from his knowledge of the workings of the Panamanian military and from years of dealing with the two men.

General Noriega could not be reached for comment. A spokesman for the Panama Defense Forces, Major Edgardo Lopez Grimaldo, did not respond to telephone messages left at his office.

Like General Noriega and Colonel Diaz Herrera, General Paredes was a close associate of General Omar Torrijos Herrera, who ruled this country from 1968 until his death in a plane crash in 1981. After a power struggle, Colonel Paredes became commander of the armed forces. He resigned in 1983 and was succeeded by General Noriega, then ran unsuccessfully for president in 1984. General Paredes said Sunday he is "out of politics for good" and was speaking as an ordinary citizen.

General Paredes said it was clear to him that the Panama Defense Forces were responsible for the killing in 1985 of Dr. Hugo Spadafora, a well-known opponent of General Noriega. General Noriega may not have been involved directly in the murder, General Paredes said, but he has helped to cover up the case.

Colonel Diaz Herrera had also accused General Noriega of directing the death of General Torrijos. But General Paredes disagreed, saying he was convinced that General Torrijos died "in an accident" and that Colonel Diaz Herrera had made the accusation "out of an excess of ire."

General Paredes also said that he found persuasive the "circumstantial evidence" pointing to General Noriega's involvement in the drug trade. U.S. officials have said Panama is a major transshipment point for cocaine and marijuana bound for the United States and for the laundering of drug money.

"If you want my final opinion about this, I would say that he is not directly involved in drug trafficking," General Paredes said. "But he has acted to launder money, and plenty of it."

Denver Inquiry Focuses on DC-9 Snow Risks

By Richard Wicklin
New York Times Service

NEW YORK — Officials investigating the fatal crash of a Continental Airlines jet in Denver said Monday that attention has focused on the hazards of snow buildup on early DC-9 aircraft, a condition that has been linked to three earlier accidents.

The Continental DC-9, carrying 82 people on a flight to Boise, Idaho, had just taken off in a snowstorm Sunday afternoon when its wings were reported to have rocked back and forth. One wing was ripped away, the plane was tossed

on its back, and it slid to a halt in three main pieces.

Although more than a dozen passengers walked away with only minor injuries, 27 people, including the two pilots, were killed, and 10 of the survivors were reported in critical condition.

Spokesmen for the Federal Aviation Administration said that according to weather reports conditions were within the minimums allowed for Continental takeoffs under agency rules.

Although Continental said the plane had been sprayed with de-icing fluid 26 minutes before take-

off, safety experts said that whether this would have been sufficient to protect the plane from dangerous ice buildup would depend on the quantity and type of the snow.

After the crash of a similar McDonnell Douglas DC-9 in 1985, the manufacturer issued a bulletin warning that ice accumulation on DC-9 wings might affect flying speed and engine performance.

The DC-9 in Sunday's crash was built in 1966, Continental said. A key difference between this early-model aircraft and later versions is that it is not equipped with slats on the front edge of the wing that give it added lift during takeoff.

U.S. and Switzerland Protest Beatings in Kenya

United Press International
NAIROBI — The U.S. and Swiss Embassies submitted formal protests Tuesday to the government of Kenya over the beating and detention of four Western journalists covering student demonstrations at Nairobi University on Sunday.

No charges were filed against the correspondents, Patrick Moser of United Press International, Dietrich Schanche of The Associated Press, Lindsay Hilsum of the British Broadcasting Corp. and Peer Meinert of the West German news agency Deutsche Presse-Agentur. The four were held by the police for about three hours.

Mr. Moser, who is Swiss, suffered a perforated ear drum when hit with a rifle butt. He was hospitalized Tuesday and it was believed that he might have a concussion.

On Monday, the British government lodged a protest over the beating of Ms. Hilsum. It was the first time that London had made such a complaint to Kenya since its former colony became independent in 1963.

The West German Embassy protested on Monday over the beating of Mr. Meinert.

The four reporters were covering demonstrations by hundreds of students at Nairobi University that began Saturday night following the arrests of seven newly elected student leaders.

On Sunday, the paramilitary police used tear gas against the students, and started beating students and foreign journalists. They stormed dormitories, dragging out students who were seeking shelter. About 40 people were arrested.

The university, the largest in Kenya, was closed on Monday.

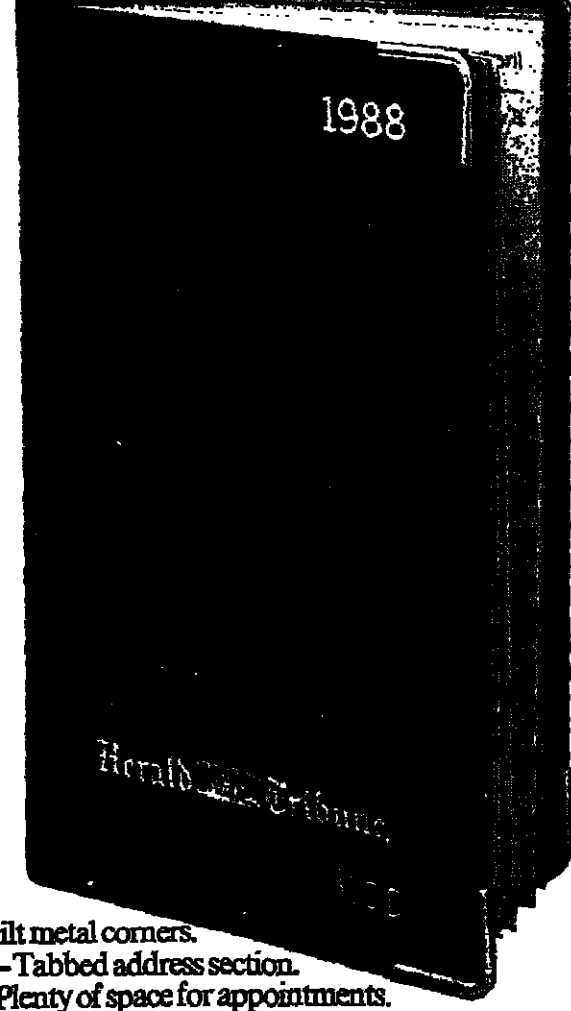
U.S. Denies Plot Reports
The U.S. Embassy in Nairobi said on Tuesday that reports of a plot by the Ku Klux Klan to overthrow four African governments were baseless and that a letter seeking funds for the conspiracy was a forgery, Reuters reported.

"An investigation initiated by the U.S. government authorities has produced evidence that the 'memorandum' which appeared in the Kenyan press is a forgery," the embassy said in a statement.

Kenneth Caswell, the alleged author of the letter and the minister of the Foscove Christian Church in Boone, North Carolina, has denied that he wrote the letter and has said he knows nothing about it.

Kenya expelled seven American missionaries named in the document as parties to the plot. Kenyan politicians have warned the public against foreigners who, they say, came disguised as missionaries and planned to subvert the country.

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Italy: Coping With Crisis

IN THE NEWS

March 4: Craxi Resigns As Prime Minister

Bettino Craxi, a Socialist, resigns as prime minister after holding the post for three years and seven months, a postwar record. He says the political atmosphere within the five-party coalition has become "suffocating and anxious for everyone."

June 14-15: Socialists Win 14.3% of Vote in Election

The Socialist Party is the main winner in the general election with 14.3 percent of the vote, an increase of 2.9 percent over the 1983 election. The Christian Democrats win 34.3 percent of the vote, an increase of 1.4 percent. The Communists continue their slide but remain the country's second party. They win 26.6 percent of the vote, a loss of 3.3 percent.

Aug. 5: Gorla Is Named To Head Coalition

Giovanni Gorla, a Christian Democrat, becomes prime minister after the Socialists concede that it is the turn of the Christian Democrats to take back the prime minister's office they gave up in 1981.

Sept. 4: A Naval Force Is Sent Into Gulf

The government decides to send a naval force, including frigates and minesweepers, to the Gulf after an attack on an Italian freighter by warships presumed to be Iranian.

Nov. 8-9: Referendum Held On Nuclear Energy

Two-thirds of voters, in a referendum, vote for abrogation of existing laws on nuclear energy and for holding judges personally accountable for their mistakes.

Nov. 14: Gorla Resigns

Mr. Gorla resigns after the small Liberal Party pulls out of his government.

Nov. 17: Gorla Asked Again

President Francesco Cossiga asks Mr. Gorla to try to form a new government.

New South Bedeviled by Old Problems

By Pino Arlacchi

ROME — To measure the dimensions of Italy's most serious problem, take a rural area the size of Greece with an impoverished and discontented population larger than Australia's; give it 700 years of independent history, then force it into a young and as yet unresourceful nation-state as Italy was until the end of World War II. What you will get is the problem of the Italian South.

Seen against its historical background, the progress of Southern Italy during the last 35 years has, in fact, been prodigious. Per-capita income has more than doubled. Hunger and Third World diseases have disappeared. Illiteracy and infant mortality have been reduced to a bare minimum. Civil infrastructures — schools, hospitals, communications — have been created and are actually working, even if not always well.

The merit for these successes must go first of all to the Southern Italians themselves, who staged a new wave of emigration of about six million young workers between the early 1950s and the early 1970s and thus decongested the Southern labor market and at the same time made the by now legendary industrial growth of Northern Italy possible.

The central government's massive intervention in the economic development and the society of the South also produced progress. After 1950, the Italian government put into operation a large-scale transfer of resources to what Northern Italians liked to call the country's "southern periphery," a term that does hardly justice to an area that comprises 40 percent of the national territory and more than a third of the nation's population.

The Cassa per il Mezzogiorno, the central government's development fund for the South, alone invested approximately 115 billion current U.S. dollars in Southern agriculture and services between 1950 and 1984.

Despite all this, the "Southern question" has not been solved. It has only changed its shape.

The gap between the North and South in terms of per-capita income narrowed between 1950 and 1980 but has widened slightly again since then; last

Continued on page 10



Despite progress and state investment, the 'Southern question' has not been solved. It has only changed its shape.

The Party Game

Public Exasperated By Politics as Usual

By Henry Tanner

ROME — In Rome these days it was politics as usual, which means politics the way it has been played since the end of World War II and by some of the same players.

Some of the headlines in the newspapers could have been written many years ago: A five-party coalition is brought down by its smallest member; an embattled prime minister, Giovanni Gorla, who has never been more than caretaker, resigns even though he could have stayed on under the constitution; newspapers predict he will succeed himself; labor unions set a date for general strike; vital financial legislation is held up; the secretaries of the major parties, who are the real custodians of power, keep meeting in search for new compromise; newspapers call for rewriting of rules of political behavior; leaders of the Christian Democratic Party renew fighting among themselves.

What was different from the past, it seemed to a visiting reporter, was the mood in the country.

An increasing number of Italians are losing patience with the Tammany Hall style of politics by the traditional parties and their leaders.

During the three and a half years that Bettino Craxi, the Socialist leader, headed the government, Italians had political stability. They had found that a government need not be indecisive, that labor peace is possible, that inflation can be kept in check and that Italy can talk back to its allies, including the United States.

Mr. Craxi has always been a controversial figure. Many Italians resented his overbearing ways. Many pointed out that he had personally caused the collapse of the two preceding governments and that his long life span as prime minister therefore owed much to the fact that there was no other Craxi to bring him down. And many felt, rightly, that luck and circumstances played a large role in his success, notably, falling oil prices and a then still moderate drop of the dollar, which helped Italian industry.



Nostalgia for Bettino Craxi?

Mr. Craxi thus looks better to his countrymen in hindsight than he did when he was in power. After a series of crippling wildcat strikes, a sharp jump in food prices and an avoidable government crisis, he is remembered with some nostalgia.

"I am sorry but I guess we need a strong man," a housewife said in Rome.

"He is the only politician who has an ability to move the state in any direction," said an editor in Milan, expressing a similar thought.

Complaints about the political instability in Rome have been coming loud and clear from the industrialists and entrepreneurs and even some labor leaders in Northern Italy who have lived through heady years of an "economic miracle" and are now facing a collapse of Italian exports.

The Milan stock market had its first sharp

Continued on page 10



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Budget Challenge

Political Uncertainty Delays Moves to Cut Huge National Debt

'A mine floating out of control.'

By Dalbert Hallenstein

ROME — Italy's national debt has at last begun to alarm its notoriously spendthrift politicians. The level of the country's public indebtedness by the end of this financial year will reach an estimated 93.9 percent of its gross domestic product, the highest such debt ratio among the world's seven leading industrial economies.

By the end of next year, Italy's indebtedness will almost equal its GDP unless major changes are made in the country's economic policies. But despite elaborate attempts by the country's first Socialist treasurer, Giuliano Amato, to forge a budget capable of breaking a vicious circle of indebtedness, which even he describes as "a mine floating out of control," few of Italy's economic experts feel that the problem is in any way under control.

The debt has had a multitude of negative effects on the economy, including the necessity to maintain high interest rates, leading to the elevated cost of money and reduced competitiveness for export industries.

Last October, the governor of the Bank of Italy, Carlo Azeglio Ciampi, expressed doubts about the effectiveness of the present government's economic policies, warning of the danger of inflation and rising interest rates.

This was just before the international stock market crisis. Since then, the government, in an atmosphere of uncertainty, is deciding whether to downgrade its proposed budget deficit from 129 trillion lire (\$87.9 billion) to about 103 trillion lire immediately, and gradually to reduce it to 100 trillion lire over the next 12 months.

It intends to do this by means of drastic cuts in the financing of such state services as health, railroads, telecommunications and electrical power. The government's refusal to honor earlier promises of tax relief is behind the present political turmoil and has led the major industrial unions to declare a half-day general strike next week. The present political uncertainty is causing

ing parliamentary delays that will lead, almost certainly, to an interim budget. This could provoke a potentially disastrous four-month delay in applying the intended deficit cuts.

The sheer size of the debt can be measured by the fact that 75 trillion lire, almost 65 percent of next year's deficit, has been allocated simply to paying off interest on treasury bonds.

This means that every month the Treasury has to pay back in interest on bonds almost 30 trillion lire. Added to this is 10 trillion lire in monthly interest payments on treasury bonds that will have to be issued to help cover next year's deficit.

The reasons given by Italian experts for the financial crisis are complex and often tend to be conditioned by political loyalties.

Senator Beniamino Andreatta, a professor of economics at Bologna University, the Christian Democratic president of the Senate Finance Committee and a former treasurer, largely blames the economic policies of the government of Italy's first Socialist prime minister, Bettino Craxi, from 1983 to last spring. During this period, the national debt/GDP ratio rose from 68.7 percent in 1983 to 85.5 percent in 1986. (By comparison, the U.S. public debt/GDP ratio at the end of this year is estimated at 51.6 percent.)

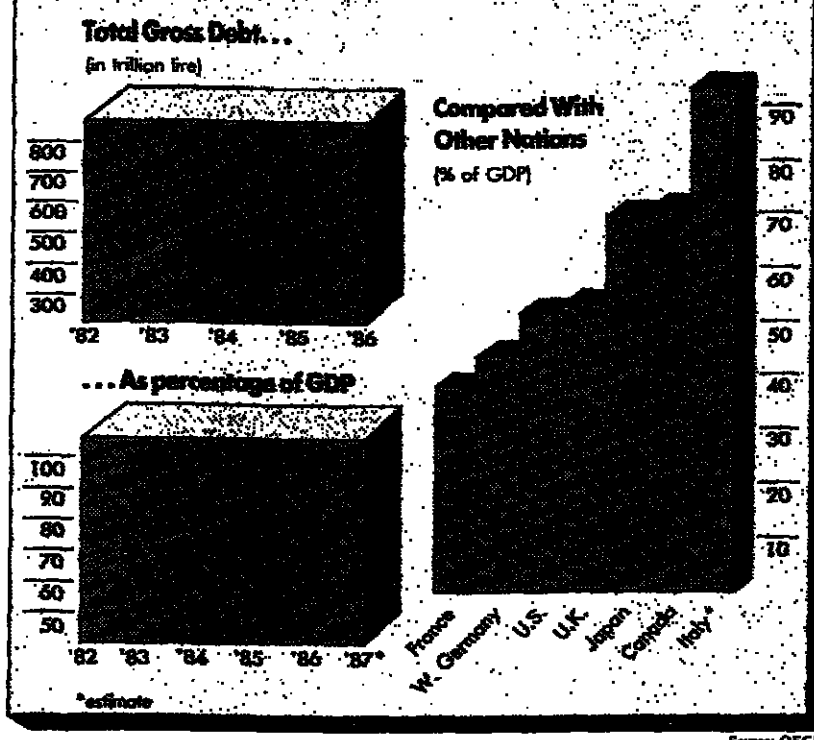
"The policy of Craxi in Italy," said Mr. Andreatta, "was a repetition of Reagan's policies, based on a high deficit. High deficits, of course, meant high interest rates, and these kept the lira in this period relatively strong. But, in fact, industrial production has been almost static, and, as in the United States, there has been a certain process of de-industrialization of the country."

"The end result," he said, "has been a vastly increased indebtedness. To give you an idea of its massiveness, the 40 trillion lire which we will have to pay off each month is almost equal to the entire West German budget deficit."

What Mr. Andreatta failed to point out was that his own Christian Democratic Party was the major partner in Mr. Craxi's coalition government and that the then treasury minister, Giovanni Goria, who has just resigned as prime minister, is himself a Christian Democrat.

Professor Luigi Spaventa, who holds the chair of economics in the School of Financial Statistics at Rome University, was an independent Socialist deputy during the Craxi years. Although often highly critical of the economic policies of the Craxi government, he is convinced that Italy's debt problem goes back to the early 1970s.

Italy's Heavy Debt Burden



"The story of our indebtedness began," he said, "in the early 1970s, when expenditure was soaring while taxes did not rise enough. The gap between the two began to yawn and since the early 1980s, the interest payment burden has been increasing very fast."

Professor Spaventa, in contrast to Mr. Amato and Mr. Andreatta, thinks that higher direct taxes would help solve the problem. "We must try in this way," he said, "to cut the primary deficit over the past three years by, say, three percentage points, which, let's face it, is not particularly dramatic. Then, hopefully, we can reduce the real interest burden of the debt by one or two points so that debt growth will begin to stabilize."

ALL THREE, however, agree that there are still many areas where cutbacks could reduce indebtedness. Much has already been done to clean up IRI and ENI, the state holding companies, which, in the 1970s, began to absorb thousands of ailing industries and to employ tens of thousands of people at a huge cost to the state. A mixture of reorganization and privatization has dramatically reduced losses.

But the mentality that led to these enormous losses is still very much alive. Although attempts are under way to reform the loss makers, like the Italian railroad company, which earns 3 trillion lire a year from tickets but pays out 8 trillion lire in salaries alone, progress is extremely slow. In some cases, the situation is worsening.

The health and pension services are in a disastrous state from the point of view of both efficiency and finance.

Attempts to stamp out corruption and malpractice show few signs of success. Between 1983 and 1987, the number of people with invalid pensions increased from 240,000 to 350,000. Most of these were granted by local politicians in Southern Italy to healthy people in return for the promise of a vote.

Meanwhile, the government is struggling, by gradually increasing interest rates, to raise money on the international market through treasury bonds. Ironically, the recent stock market crisis has created a renewed interest in these bonds.

Yet, despite the difficulties, something has been done to reduce the deficit, net of interest payments. Between 1985 and 1986, it was reduced from 46,679 trillion lire to 36.38 trillion lire, and this year the government hopes to reduce it to 35.8 trillion lire.

These reductions are the result of successful measures to reform the state industrial holdings, an increased tax flow, cuts in such fields as health and a widespread curb on wage increases for state employees.

But such policies are costing a lot in political and social terms. The present outbreak of wildcat strikes in the state sector, particularly in rail and air transport, is the price being paid for trying to minimize wage increases.

DALBERT HALLENSTEIN, a Milan-based journalist, contributes to *The Sunday Times*.

Viewpoint

A Solid Economy Faces Government's Disarray

By Marco Borsa

MILAN — A foreign businessman returning to Italy for the first time since the height of its "economic miracle" about two years ago has reason to be shocked by what he sees: the lira under pressure, the Milan stock exchange at a two-year low, interest rates rising, a central government in seemingly permanent crisis, public transport crippled by strikes and labor unions in the private sector getting ready to take on management in a series of tough negotiations this fall.

But while the picture of stability and prosperity that Italy projected two years ago may be fading, the visitor will be reassured if he looks beyond the stock tables and the paralyzed airports at the balance sheets of Italian enterprises and the continued high level of saving by a large part of the population.

The country's private industries, with Fiat in the lead, have had another year of record profits, and the banks around the country are bursting with deposits from savers who have left the stock market and sold their long-term government bonds.

The Italian economy is still solid and full of vitality and ready to face the dreaded world recession that may well be the consequence of the recent collapse of the international stock markets. But in order to cope with coming difficulties, the economy must overcome its chief handicap: the inefficiency and general disarray of the economic and political institutions of the Italian state.

There is, first, the state's financial crisis. The public debt has risen by 56 percent in the last 10 years. Last year, it reached 88.6 percent of gross domestic product compared with 46.9 percent for Britain, 28.8 percent for the United States and 18.5 percent for France.

This year, the deficit rose above 100 trillion lire (about \$90 billion) and now amounts to 11.3 percent of the gross national product.

Put briefly, the Italian Treasury is close to insolvency, with all the consequences that this implies: pressure on the lira, high interest rates, the urgent need to raise state revenues steeply and to limit state spending as much as is politically possible, perhaps including even a cutback of the vital state investments for infrastructure and other purposes that the economy badly needs.

But the crisis of the state is administrative as well. In Italy, more than one-third of economic activity is directly dependent on decisions and actions taken by the central government.

The government controls IRI, the country's biggest industrial and financial holding company. It employs more than 450,000 people in activities ranging from banks, steel plants and shipyards to the food sector, the telephone company and the airlines. The government also controls ENI (oil and chemicals), ENEL (electrical energy), the postal services and the railroads.

The "economic miracle" of the last few years has affected only a small part of this huge state sector. Last year, the country's leading 1,291 private and public companies would have had combined profits of 7.4 trillion lire, more than four times the amount

of the previous year, if it had not been for the loss of 3.2 trillion lire incurred by 97 state companies.

In the last 10 years, the country's private companies have reduced their work force in a remarkable effort to streamline their procedures and increase productivity. In the state sector, however, the number of employees has risen from 2 million to 2.3 million in the same period, the main culprit being the postal service. Its work force grew by 30 percent while the time it took for a letter to go from Milan to Rome went from three to seven days.

During these same 10 years, the mass of Italians have been able to work and prosper despite the inefficiency and indebtedness of the state. But this is getting steadily more difficult and may soon no longer be possible.

The economy today requires major investments that only the state can provide for basic infrastructure, including ports, airports, railways, roads, energy and urban renewal. These investments are necessary in order to create new domestic outlets for Italian industries in the face of falling international markets and to improve efficiency in all sectors of the economy, including the vital field of public transport.

Massive public investments to create tens of thousands of new jobs, particularly in the southern regions where unemployment is highest, would also be a means to persuade the unions to refrain from making excessive wage demands in the forthcoming negotiations with private-sector companies.

THE government, the Parliament, industry, the labor unions and public opinion are increasingly conscious of the urgent need to restore the health of the national finances so that it will be possible to make the investments that are needed to maintain the pace of the country's economic development.

But it is clear that the political leadership will take the politically unpopular drastic decisions that are needed, such as cutting public expenditures and raising taxes and tariffs for public services, only if it is forced to do so by the pressure of events.

Italy's private companies were forced by the oil shocks of 1973 and 1979 to restructure and increase their productivity. It is possible that the current international financial crisis may provide the shock that the Italian state sector needs to put its house in order. The fear of a world recession and of a free-falling dollar threatening the future of made-in-Italy exports could or should be enough to spur the country's political leadership into action.

A devaluation of the lira combined with energetic measures to limit public expenditures and increase state revenues — which, in turn, would permit the lowering of interest rates — would be the prescription for giving a new impetus to the economy by the end of the year.

Failure to take action could compromise the future of the entire Italian manufacturing system. It would amount to permitting the inefficiency of the state once more to smother the vitality of the country's enterprises.

MARCO BORSA, a leading Italian financial writer, is the co-founder and former chief editor of *Italia Oggi*, a Milan financial daily.

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Voters Are Losing Patience With Politics as Usual

Continued from page 7

fall early in summer, many months before the rest of the world markets, because foreign investors withdrew in the face of another political crisis.

There is a feeling, as one Milan entrepreneur put it, that the country's private industries have gone as far as they can without support from the nation's political leadership; that they have modernized their factories, cut costs, increased productivity and found new products and new markets.

Now, he added, the time has come for the politicians to do their bit — to bring down the deficit, cut some of the fat out of the huge state sector of the national economy and make the investments in basic infrastructure that are desperately needed.

Mr. Gorla said recently that Italian industrial goods were competitive in world markets when they left the factories but overpriced by the time they had reached the border.

And Giuliano Amato, the treasury minister and a Socialist, whom critics had accused of Reaganomics or even Thatcherism, compared himself with Mikhail S. Gorbachev instead.

The problem of Italy's state sector is not one of economic theory but of organization, management, lagging equipment and national attitudes, he said in an interview. In 1987, he said, the national railroads, for instance, will have 3 trillion lire in revenues from users but will spend 8 trillion on salaries, with only 10 percent of the nation's freight using the rails and the rest going by road.

Prominent figures in business, includ-

Single-issue politics have begun to break down the permanent ideological divisions.

ing Francesco Micheli, the Milan banker, have warned that a recession has become all but inevitable in Italy. Last week, the leadership of Confindustria, the national industrialists' organization, berated the central government for failing to act in the face of the coming economic crisis.

Beneath the surface events of the last few weeks and the reactions they are causing lies a clash of two entirely different ways of playing politics.

One is the way the country's traditional political parties, and especially the Christian Democrats, the perennial government party, have been playing the game for the last 43 years. And the other is the way Mr. Craxi would like to play it, by going directly to the voters and avoiding the crippling compromises among the dominant parties.

Ever since the war, the ultimate power in Italy has been wielded not by individual men but by the political parties. The politicians who succeeded each other as ministers and prime ministers most often were chosen not for their national stature and professional ability but because they reflected the balance of power of the moment within their respective parties, most particularly between the quarrel-

some factions that make up the Christian Democratic Party.

The guidelines for national policy were set not by governments or Parliament but hammered out in smoke-filled rooms inside each party, then renegotiated among the parties before being sent to Parliament or the cabinet.

In the spring of 1978, when Italy went through the most convulsive period of its modern history, during the 34 days between the abduction and the killing of Aldo Moro by the Red Brigades, the prime minister, Giuliano Andreotti, never once addressed the nation. The spokesman for the leadership, what Italians call the "political class," was Benigno Zaccagnini, the secretary of the Christian Democratic Party, who met daily with his counterparts from the other parties. Together, they decided not to negotiate with the terrorists, not even to save Mr. Moro's life.

There have been breaches in the supremacy of the parties in recent years. Italian voters have begun to show an unaccustomed flexibility, shifting allegiance from one party and one man to another instead of sticking to ingrained voting habits and lifelong party loyalties as in the past.

Single-issue politics, a new phenomenon in Italy, has begun to break down the permanent ideological divisions, such as left versus right and Catholic versus secular. Voters, and some politicians, have become more pragmatic. More people now vote "yes" and "no" against the advice of their parties on such issues as nuclear energy and on holding judges accountable, as shown 10 days ago in no less than five referendums, a form of popular consultation that is becoming more frequent.

Mr. Craxi has become the foremost practitioner of the new style — not surprisingly.

His party is a perennial poor third behind the Christian Democrats and the Communists. Even his three and a half years as prime minister added only three percentage points to the Socialist vote, which now stands at 14 percent of the vote.

The Christian Democrats have come down from their fabulous heights of 48 percent in the late 1940s but still polled 34 percent of the vote in the last election. The Communists are a shadow of their former selves, strife-ridden, with no clear policy or ideology, and have lost their once nearly total domination of the big cities. But they remain the country's second party, with more than a quarter of the vote.

Mr. Craxi's objective, according to one of his closest lieutenants, is to become the focal point of a "different coalition" with the Christian Democrats as a junior partner or without them. He hopes to increase the Socialist vote to 20 or more percent and then find men and groupings willing to rally around him and play the game his way.

He is thinking of the Greens, a new party in Italy, and of the Radicals, an ill-defined party of mavericks headed by Marco Pannella, the only other politician who has made a habit of appealing to the voters over the head of their parties.

Mr. Craxi is betting on the decline and eventual breakup of the Communist Party.

"The Italian Communists are the only Communist party in Western Europe that still has more than 25 percent of the vote and nobody knows what will happen to the party when it falls below that figure," said Mr. Amato. "It's a bet," he added with a smile.

The Christian Democrats, too, are a declining party, but their fall from power has been wrongly predicted many times. Their leaders are old and show the wear of their long years in power. They are divided and drifting. After having lost the prime-ministership first to Giovanni Spadolini, a Republican, and then to Mr. Craxi, they insisted on taking it back this summer with Mr. Gorla. But having regained it, they did not know how to use it.

Mr. Craxi has continued to dominate the scene from outside the government. His *decisismo*, the habit of being and sometimes merely appearing decisive, has provoked both apprehension and smiles. Forattini, a popular cartoonist, always draws him in uniform striking Mussolini-type poses. But he is helped by the feeling that many Italians now have that "politics as usual" is no longer adequate to govern a modern nation.

HENRY TANNER is on the staff of the International Herald Tribune. He was Rome bureau chief for The New York Times from 1977 to 1982.

In Spite of Progress, the South Is Bedeviled by Old Problems

Continued from page 7

year, the figure for the South was 59.2 percent of that of the rest of the country.

Most of Italy's unemployment and underemployment is still concentrated in the Mezzogiorno. Pollution and the unregulated boom of the construction industry have almost destroyed the urban and natural environment, whose beauty inspired Goethe to write that Italy south of Rome was "a paradise inhabited by devils." Political corruption, economic crime and the Mafia are some of the most flourishing and deep-rooted institutions.

The enduring underdevelopment of the Mezzogiorno has often been explained only in terms

of lack of private and public investments.

Many economists and politicians feel that the central government should provide large-scale incentives to small and medium-sized agricultural and industrial enterprises in the South and revive ambitious plans for investments in large public works, such as a bridge over the Messina straits between the tip of the Italian boot and Sicily as well as the restoration of historical sites in the large Southern cities.

Such state intervention, it is argued, would provide an impetus for self-sustaining autonomous growth in the Southern regions. And this, in turn, would lead to an increased number of "clean" enterprises that could free themselves from the stranglehold of the Mafia and the camorra and would

provide more decent jobs for young Southerners who at present are tempted by the easy money offered by criminal organizations.

But this argument is faulty because it disregards some of the hard evidence. Today's urban and environmental disasters in the Mezzogiorno, the spreading corruption and the power of the Mafia have in many cases been enhanced rather than limited by the injection of central government funds after 1950. Criminal groups linked to political factions have been able to appropriate important sums of money coming from public agencies in agriculture, real estate development and the banks.

Last year, the deputy director of the largest state-controlled bank in Southern Italy was arrested on suspicion of having given loans of up to \$40 million to one of the

most important organized crime groups in the Campania, which includes Naples. Last March, almost the entire board of directors of another state-controlled bank, the largest in Calabria, was arrested on charges of compromising the bank's stability by lending large amounts of money to insolvent but well-connected businessmen.

A Sicilian investigative magistrate, Giovanni Falcone, wrote in a famous summation that Mafia families control Palermo's entire construction industry through intimidation of competitors and a monopoly on public tenders.

These and other examples reflect a situation in which market freedom is often sacrificed to the advantage of small but compact coalitions among political, economic and criminal groups.

Moreover, there is the silent and little noticed phenomenon of the flight of "clean" capital from Mafia areas to other parts of Italy, both South and North. Many businessmen do not want to expose themselves to competition from Mafia enterprises, to extortion or kidnappings, and choose to invest their profits in "safer" regions instead.

The Mafia presence in Southern Italy has also led to the cancellation of foreign investments and their diversion to other parts of the Mediterranean.

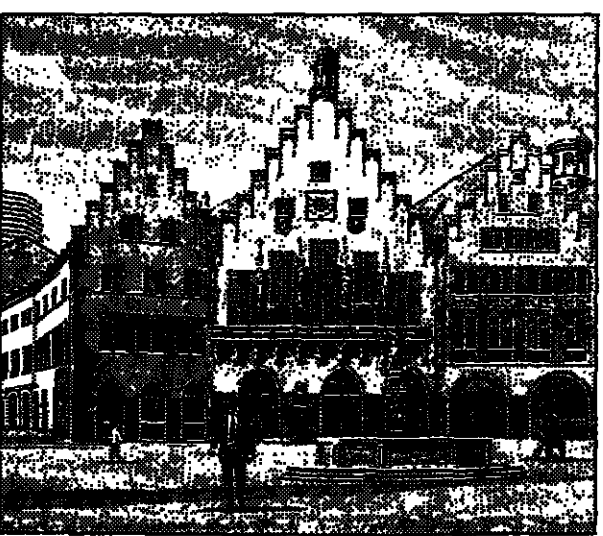
In conclusion, it may be said that the biggest obstacle to the economic development of Southern Italy still lies in the presence of the Mafia and corruption rather than in the low level of public investments.

While continued heavy investment by the central government and Northern industries is undoubtedly needed, it is no coincidence that the only Southern regions which have shown economic growth rather than stagnation during the last 15 years, the Abruzzi and Apulia, have also had the lowest level of economic and organized crime in the South.

And the small islands of agricultural and manufacturing development within the Mafia-ridden regions of Calabria and Sicily have only been found in non-Mafia enclaves.

PINO ARLACCHI, a native of Calabria, is associate professor of applied sociology at the University of Florence. His most recent study is entitled "Mafia Business."

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IMI is the leader in Italian corporate finance, specializing in medium and long-term credit. The IMI Group is also a leader in merchant banking, personal financial services and asset management. Because of this, our clients can take advantage of a unique combination of corporate financial services of the highest quality (including commercial banking, security and equity investment and capital market

Consolidated Highlights at March 31, 1987

(Dollars in millions)

Outstanding loans	21,959
Assets under management	18,538
Shareholders' equity	2,940
Allowances for losses	562
Net income	465

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services). In establishing its presence in the international markets the IMI Group has formed merchant banking subsidiaries in the United Kingdom - IMI Capital Markets (UK) Ltd. - and in the United States - IMI Capital Markets USA Corp. These subsidiaries, as well as a range of other subsidiaries, are controlled by IMI International S.A., Luxembourg (whose capital amounts to \$ 250 million).

ISTITUTO MOBILIARE ITALIANO

Head Office in Rome, Viale dell'Arte, 25

is thinking of the Greens, a tiny party in Italy, and of the Radicals, an old party of mavericks headed by Ciriaco De Mita, the only other politician who has made a habit of appealing to the voters over the heads of their parties. Mr. Craxi is betting on the decline and eventual breakup of the Communist Party, the Italian G

The Italian Communists are the only communist party in Western Europe that has more than 25 percent of the vote. Nobody knows what will happen to the party when it falls below that figure, Mr. Amadio. "It's a bet," he added with a smile.

The Christian Democrats, too, are a winning party, but their fall from power in 1976 was very abrupt. In 1973, when its leaders are predicted and show the signs of their long years in power, they were divided and drifting. After having lost a two-ministry party first to Giovanni Leone, a Republican, and then to the Socialists, they insisted on taking it back together with Mr. Goria. But having lost it, Mr. Craxi has continued to dominate the scene from outside the government.

decisive, the habit of being so sometimes merely appearing decisive has looked both apprehension and confidence in a popular cartoonist, satirizing him in an often striking Muppet-like poses. But he is helped by the fact that many Italians now have that "pessimism" as usual, is no longer adequate to govern a modern nation.

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PINO ARlacchi is a former
Colombian drug dealer who
operated a drug ring in the U.S.
and was the most recent chief
editor of "Miami Business".

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ITALIANO

**WE STARTED WITH
A BIG IDEA.**





مكتبة النهر

THEN WE LET NATURE TAKE ITS COURSE.

In 1919 Fredrik R. Bull started with the seed of a good idea. To produce a more efficient statistics processing tabulator.

Nearly seventy years later Groupe Bull is in the same business of data processing and communications. Though of course, the business now is light years away in terms of sophistication, innovation, application and breadth.

Bull is now an international business, operating in 75 countries with 26,800 employees (without counting Honeywell Bull Inc.). And it is the second largest sales network in the world.

This remarkable success hasn't happened just by accident. It has taken careful nurturing.

In particular the last three years leading up to the recent agreement with Honeywell and NEC have proved the most fruitful.

We knew then that we had a unique opportunity. We could provide the market with a genuine alternative source for all their data processing and communication needs.

But to do this we needed support. It was then that we hit on the solution. A very simple formula.

BULL AND ITS CUSTOMERS A WINNING TEAM.

By working with our customers on their individual problems, together we could not only produce adequate solutions, but also we would benefit from having a deeper understanding of the market needs.

So the first objective was for Bull to become flexible enough to be able to respond effectively to the individual needs in an international market.

To achieve this we decided to develop inter-communicating systems that were not only adaptable in the extreme, but that respected our customers' freedom. In other words, systems that would allow any individual workstation to plug directly into other data processing, telematic or office automation services on the system.

Everything that we have done for years in terms of development has been done in line with this strategy.

CUSTOMERS' FREEDOM.

The competitiveness of a company today depends on the quality of its people and the uses made of its capital of information. By developing systems that can communicate more freely with each other, Bull brings its customers more efficient circulation of, but also interaction with, their total capital of information.

For Bull's customers, this greater freedom to communicate means greater freedom to choose, to combine and, ultimately, to grow.

Freedom to choose among large and medium systems, among scientific and industrial minicomputers, among distributed data processing and office automation systems, among professional micro-computers.

Freedom to combine, allowing Bull's products and systems to be integrated into existing structures, even those made with material from other manufacturers.

Freedom to grow, because Bull is dedicated to adapting itself and its solutions to the evolution and growth of its customers.

THE TREE OF COMMUNICATION.

To symbolize Bull's commitment to communication, growth and flexibility, the tree was a natural choice. Constantly evolving, with its roots in solid ground and its branches reaching for the sky, the tree is present throughout the world, in as many shapes and sizes as there are businesses and organizations.

Small trees, like small systems, need to be nurtured in order to grow. And as they grow, circulation, be it of information or of life-giving sap, is of the utmost importance.

To do this, the tree must draw on all the resources in its environment. The larger the tree - or the system - grows, the more it must communicate, interact and exchange, across time and across space.

This growth happens naturally, but not always predictably, and it is Bull's strength to have understood that companies need the freedom to expand in a way that is germane to their specific concerns and needs.

HONEYWELL BULL INC.: A NEW DIMENSION.

Growing out of our aim to put Groupe Bull at the forefront of the world computer market by 1990 was our agreement with Honeywell and NEC to form Honeywell Bull Inc.

This not only gives us the complete spectrum of computer hardware and software we need for the benefit of our customers. But it will also add considerably to our detailed understanding of the global market, and give us a worldwide presence and size to face market requirements.

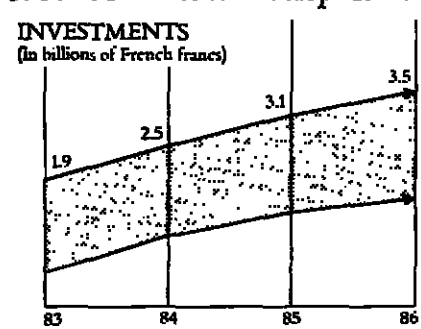
For Groupe Bull, control of Honeywell Bull Inc. is furthermore an outstanding opportunity to complete its European presence and gain access to the US market by benefiting from the close ties established between Bull's teams and those of Honeywell over the past 17 years.

In the light of this agreement, the expansion of co-operation with the Japanese group NEC is in keeping with Bull's strategy of alliances in which it is presently engaged with European industrialists.

PREPARING THE GROUND FOR FUTURE GROWTH.

Heavy commitment to a continuing program of research has to be at the root of all our future developments.

Our program is as deep as it is broad to give us the strongest of foundations. And it is carried out in line with our strategy of cooperation in partnership with both university and industrial laboratories.



So, for instance, in conjunction with other major European computer companies, we are exploring the area of artificial intelligence and the products that can be developed from it.

We are involved with our customers to help them improve the efficiency of the software they have developed themselves.

We are part of a consortium that has developed the software now adopted by the European Esprit program.

In fact, on the Esprit program alone, we are participating in over thirty projects with more than a hundred different partners in industry and the universities.

FRUITS OF PROGRESS.

True to its goal to remain in the vanguard of technological innovation, Bull is constantly seeking out new and better ways to meet its customers' information processing needs. Examples of this commitment to developing solutions are to be found in the products Bull has recently introduced.

In the area of general purpose data processing, for instance, Bull's new DPS 7000 midframe computers are a case in point.

The result of an ambitious program of research and development, Bull DPS 7000 is a departmental system which combines versatility with ease of operation. Already, it has gained the respect and admiration of computer professionals the world over. As a matter of fact, the Bull DPS 7 range of systems was given top ranking in the 1987 Datapro Research Corp. report on user satisfaction in the U.S.



NOW WE'RE SPRINGING UP ALL OVER THE WORLD.

Or, in the area of minicomputers, the new Bull DPS 6 Plus is a state of the art product particularly well suited to the fields of communication, office automation and telematics.

The Bull DPS 6 Plus not only represents a giant leap forward in terms of flexibility and ease of use, but is specifically designed for the rapidly evolving concerns and needs of its users. In this, it embodies one of Bull's key precepts: continuity through adaptability.

On a somewhat different - but no less important - scale, Bull has developed the Bull CP8* electronic micro circuit card.

With its indelible logic memory and microprocessor, the Bull CP8* card can be used to control access to central computers and data bases, while protecting the privacy of data transmitted over public and private networks in remote data processing and telematic applications.

Already in use as a means of electronic payment, the Bull CP8* card also provides the possibility of creating portable individual files, containing personal and confidential data.

With these products and others, Bull is steadily and continually branching out into the future. * Innovatron Licence patent.

BRINGING IT ALL TOGETHER.

Not only present but vitally active in the four main areas of information processing, Bull has amply proven its ability to come up with creative, coherent and relevant solutions. Whether it be general purpose data processing, scientific and technical data processing, distributed processing and office automation or professional micro-computers, Bull offers well-rounded ranges of products to its customers.

Like the branches of a tree, these four areas couldn't exist coherently without a system of circulation, enabling them to work together within a single network of information. Bull's ISO/DSA network architecture does just that.

Developed in line with international standards, ISO/DSA is designed to allow the various systems to communicate within homogeneous or mixed networks.

This is just one more way that Bull guarantees its customers freedom of choice. With ISO/DSA, from the smallest network up to the largest, smooth evolution is ensured, even with structures involving elements built by other manufacturers.

At Bull, we've understood that intercommunication is what holds a sound information processing system together.

TRAINING FOR MORE FRUITFUL RESULTS.

In one way, our business is all about intelligence. And that is a human ability which is totally dependent on the quality of our international staff. A team of 26,800 men and women.

We believe the more we help these individuals develop their talents, the more we encourage them to cooperate and to work as a team, the more it will benefit our customers, ourselves and our staff.

To this end, Bull created a special quality control division in order to ensure no-fault performance at every level of the group's operations. Each of Bull's 26,800 employees, from the receptionists right up to top management, has taken an extensive quality training program to guarantee Bull's customers complete satisfaction, whatever their specific needs or requests might be.

As we believe so strongly in working in partnership with our customers, we carry out a multinational annual survey of customer satisfaction with the aim partly to correct any faults in our services, but mainly so that we can anticipate any changes in their needs.

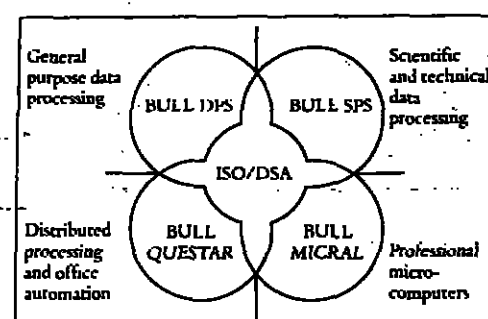
THE SWEET SMELL OF SUCCESS.

The policies which were first implemented in 1983 are beginning to bear fruit. The financial situation continued to improve during 1986. Net profit was up more than two and a half times over the previous year: FF 271 million in 1986 compared to FF 110 million in 1985.

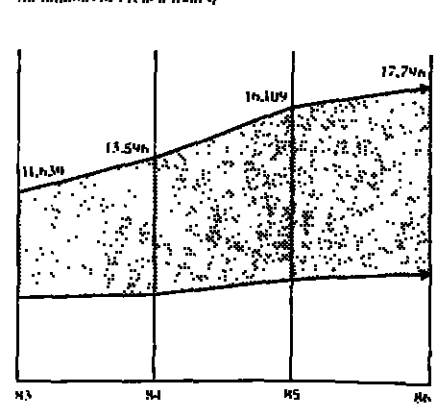
Revenue was also up, 10.5% to FF 17.8 billion, including FF 6.1 billion realised outside France.

Cash flow represented 9.8% of revenue and was up to FF 1,741 million in 1986 against FF 1,318 million in 1985.

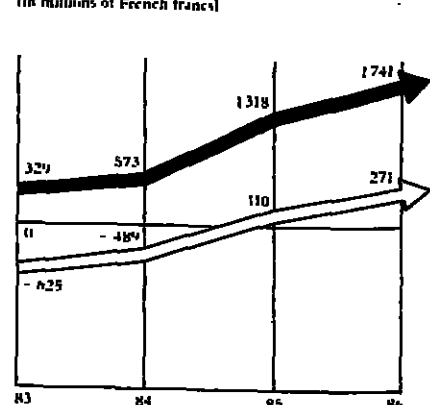
Bull and its customers indeed form a winning team. Bull. The tree of communication.



WORLDWIDE REVENUE
(in millions of French francs)



CASH FLOW AND NET RESULT
(in millions of French francs)



Bull

هكزا من التحويل

ARTS / LEISURE

Musical
Flight
Of Pan

By Sheridan Morley

LONDON — Christmas is coming a little early to the West End. With the welcoming reopening of the Cambridge after three years we get a return flight for "Peter Pan," not the J.M. Barrie original but the Broadway musical that Mary Martin made her own more than 30 years ago.

This has the advantage of George Cole who, though implausibly Eton and Balliol, unusually manages to be as good a Mr. Darling as he is a dastardly Captain Hook.

But in order to build in 15 numbers by a quintet of vintage New York composers and lyricists (Moose Charlap, Carolyn Leigh, Julie Styne, Betty Comden and Adolph Green) the plot has had to be gutted. With the cuts has flown a lot of the original and sinister mystery of the Never-Never Land and its shadowy inhabitants. Even so, as Peter and the three Darling children first take wing into a starlit



Carol Drinkwater and Dinsdale Landen in "Dangerous Obsession."

night sky, there is a moment of such utter and total magic that I'd recommend the Cambridge for every family outing into the West End between now and the end of January.

only other character in the cast list, though one fervently hopes when a doorbell later rings that whoever it is, he be only a passing stagehand.

THE LONDON STAGE

will be allowed in for a drink and a bit of a chat.

Failing such excitement, it transpires very slowly that a car crash and a possible killing are to be averted. Dinsdale Landen, a superb actor here defeated by a part that has been not so much written as assembled from leftover bits of old "Psycho" movies, plays the stranger whose plan of action often seems rooted in the belief that if he

could just manage to bore the other two to death then he wouldn't have to resort to the gun he carries in his briefcase.

Watching three hardworking actors (the others are Carol Drinkwater and Jeremy Bulloch, who both achieve a kind of intermittent adequacy) fervently trying to breathe life back into a script that has died of inertia early in Act 1, while locked together in a set by Shelagh Keegan where the most exciting possibility is to watch the plants grow, does at least concentrate one's mind on certain suspended questions. The main one is whether the management could be had for fraud for killing this as a "gripping new thriller."

The Jazz Singer, Not the Pain

By Mike Zwerin

International Herald Tribune

PARIS — Manda Djinn Bonard, starting at the Folies Bergères, injured her knee recently during a lift. She is in pain and must have daily therapy, but this comes out more as an explanation why she cannot be interviewed in the morning than as a complaint.

Brought up to believe that "when you're black you have to be better," she went to a Catholic high school in Brooklyn that was "90 percent Irish, 10 percent Italian and me. I was the one they chose to draw pictures on the blackboard for Easter. I sang the Christmas carols. I was the token artist, the token everything. I had a fight about every other day but they couldn't throw me out because I had the best marks."

She never had to learn dancing. Dancing was something she just did. Out of school, she worked in East Coast nightclubs with Mike Quashie's Afro-Cuban dance group. On one small stage in New Jersey, most of the room was taken up by 10 steel drummers. One night she backed up one step too many. She hit the floor sitting, remembers saying "some silliness like 'the show must go on.'" climbed back and went through her entire routine again in a state of shock. Then they took her to the hospital.

Though she could hardly walk, she carried groceries up six flights. "I don't know where my friends were," she recalls. "Maybe I didn't have any." The beveled smile that follows only hints at the mental anguish of someone who "just went someplace and danced all night long. I'd rip my stockings, my hair was flying. I was dancing with sweat. Dancing was probably the reason I never took drugs or went off the deep end."

She would rather accentuate what happened after the fall. As it dawned on her that she could no longer hope to become a ballerina, she tried to cancel a scheduled Judson Hall recital. "I can hardly walk," she told the promoter. He said, "You can sing, can't you?" Well, carry on on stage and tell the audience about your accident but you're such a trouper you insisted on coming anyway." She called a bongo player and a guitarist from the Quashie group, propped herself on a stool and sang the African chants and calypsoes she'd been dancing to — and she knew "Summertime."

An agent who had come to see her dance heard that she could sing and booked her into a club in Connecticut for two weeks. She opened with the bongo and the guitar. She still could hardly walk. When the



Manda Djinn on stage.

night was over, the owner said he wasn't into bongo and guitar and he asked them not to return.

Two days later he called to apologize, the customers were asking for her. They returned, and what happened next is "like a fairy tale," she recalls. An antique dealer in the audience offered to be her sponsor for a year. She could do what she liked — blow the money or use it to help her become a singer. No strings whatsoever. Then one day the year was over.

She had no wardrobe and no work but she knew Mongo Santamaria from her dancing days and he hired her for a Monday night in the Village Gate. An agent named Harry Columby happened to be in the audience. "I don't know what to do with you but I'd like to try," he told her.

Her name was then Bonanno, the name of her first husband. Columby was reading a biography of Pierre Bonnard at the time. "Bonnard has a nice ring to it," he said. "One n."

Thelonious Monk. He booked Jean Bonard on Monk's circuit. She found herself singing with "hotshot musicians" like Tommy Flanagan, Ron Carter, Sonny Stitt, Clark Terry and Duke Jordan. And the jazz world can be intensely sexist, particularly when it comes to "chick" singers, who are resented as unfortunate commercial necessities. She remembers one pianist who would play the introduction to some other tune in another key and her ears would "stretch and tremble" trying to find the first note.

When a performance just wasn't working, she could always be funny. Clowning would make the audience laugh and the musicians snicker. So when Columby admitted he wasn't really right to direct her career and introduced her to another agent, she was not sorry.

The new agent booked entertainment for hotels in the Far East and South America and she put together a jazz-oriented song, dance and comic routine and left for her first gig in Japan. She went along with her music. It was her first trip

abroad, she didn't speak the language, and she had to rehearse the musicians herself.

"Another new experience," she laughs now, but it was no laughing matter for a sensitive black woman to be the leader of men in a strange place in what can be a lousy business. She talks about it without rancor, but we can imagine.

"There was always a hang-up about the sex part of what I was doing. When I was dancing I could do beautiful African head-rolls and isolated body movements. When you're dancing like that in a nightclub, there's always going to be a guy who says 'I love the way you move' with you know, innuendo. When I became a nightclub act, people wanted me to wear a tight dress, low cut, show cleavage. Even singing jazz, people are interested in your legs, your bust, your rear. There's this whole stereotype about being a black woman in show business; trying to fight that image is tough."

She played the resort hotel circuit for 10 years — Caracas, Lima, São Paulo, Aruba, Bermuda, Jamaica, Singapore, Tokyo, Manila; it wasn't bad, but it was not leading anywhere. The worst of it was being based in New York, where she watched "several people I know being destroyed by alcohol and drugs."

She had to get out of New York. New York is a good place to get out of, and Paris is perfect to "find yourself." Of course she also knew about the Josephine Baker myth and of the popularity of female Afro-American performers here. The myth turned out to be reality — she was soon working seven nights a week in cover restaurants and saloons and, earlier this year, when the star of the Folies Bergères fell ill, Manda Djinn, as she is now (top) billed, passed the audition by singing "J'ai deux amours" in French and "My Man" in English, though she had never sung either of them in public before.

So now she finds herself in a place of thighs, breasts and shapely bottoms, which is ironic because none of them are hers: "Here I am working in this place surrounded by all these, well, you know, bodies. And it's one of the few times in my professional life I have been able to just go out and sing. I have a hat, my dress is up to my neck, I wear slacks under my dress. I mean I'm covered. I don't have to wink, slither, wiggle or do anything 'sexy.' Nobody even tells me I'm being too 'jazzy.' I just sing, and I'm so happy about it."

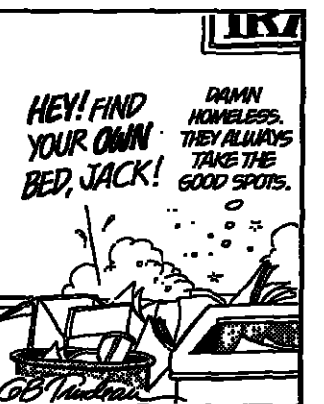
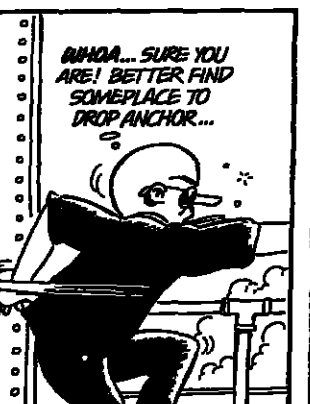
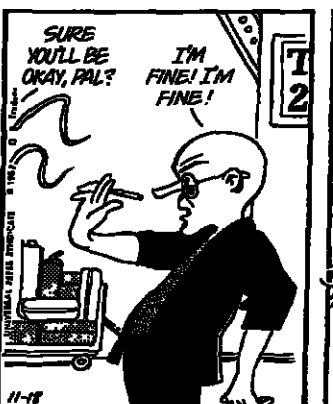
Manda Djinn, Folies Bergères, through Dec. 31.

U.S. Show Opens in Moscow

The Associated Press

MOSCOW — Raisa Gorbachev attended the opening Monday of a 65-painting exhibition of 19th century American paintings entitled "New Horizons: American Painting 1840-1910." The show is a reciprocal exhibition for "Russia, The Land, The People," which opened in Washington, a year ago and traveled to Chicago, Boston and Los Angeles.

DOONESBURY



NYSE Most Active	Vol.	High	Low	Last	Chg.
Amgen	48457	33 1/2	33 1/4	33 1/2	+1/4
Amgen	23400	11 1/4	11 1/4	11 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0
Amgen	18922	16 1/4	16 1/4	16 1/4	0

Market Sales	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume	NYSE 4 p.m. volume
NYSE 4 p.m. volume	140,250,000	140,250,000	140,250,000	140,250,000	140,250,000
NYSE 4 p.m. volume	140,250,000	140,250,000	140,250,000	140,250,000	140,250,000
NYSE 4 p.m. volume	140,250,000	140,250,000	140,250,000	140,250,000	140,250,000
NYSE 4 p.m. volume	140,250,000	140,250,000	140,250,000	140,250,000	140,250,000
NYSE 4 p.m. volume	140,250,000	140,250,000	140,250,000	140,250,000	140,250,000

NYSE Index	High	Low	Close	Chg.
NYSE Index	134.65	134.19	134.31	-1.26
NYSE Index	134.65	134.19	134.31	-1.26
NYSE Index	134.65	134.19	134.31	-1.26
NYSE Index	134.65	134.19	134.31	-1.26
NYSE Index	134.65	134.19	134.31	-1.26

NYSE Diary	Class	Prev.
NYSE Diary	394	394
NYSE Diary	394	394
NYSE Diary	394	394
NYSE Diary	394	394
NYSE Diary	394	394

NYSE Diary	Class	Prev.
NYSE Diary	394	394
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NYSE Diary	Class	Prev.
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NYSE Diary	Class	Prev.
NYSE Diary	394	394
NYSE Diary	394	394
NYSE Diary	394	394
NYSE Diary	394	394
NYSE Diary	394	394

Dow Jones Bond Averages	Class	Chg.
Dow Jones Bond Averages	86.46	+0.02
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NYSE Falls in Sluggish Trading

United Press International

NEW YORK — Prices on the New York Stock Exchange weakened Tuesday in sluggish trading as a weary market expressed disappointment over the failure of congressional and White House negotiators to produce an agreement on reducing the U.S. budget deficit.

The Dow Jones industrial average, which rose 14.09 Monday, fell 26.85 to close at 1,922.25. The Dow had been down more than 50 points in afternoon trading, but a late rally slashed almost half the losses.

Declining issues outpaced gainers by more than a 3-1 ratio. Volume was about 148 million shares, down from 164 million traded Monday.

"The market is being governed by the budget and deficit talks," said Tom Gallagher, a managing director at Oppenheimer & Co. "People are nervous around here waiting for a settlement."

Budget negotiators resumed talks Tuesday morning after conceding that the previous session had pushed them only slightly closer to an accord.

The negotiators held out hope that they would meet Friday's deadline for preparation of a package of new taxes and spending cuts aimed at cutting more than \$23 billion from the deficit. If they fail, the Gramm-Rudman balanced-budget law will automatically reduce spending by that amount.

Mr. Gallagher said that not just any settlement would calm market jitters.

"It must have some teeth in it for this year and next year," he said. "People are hoping for

an intelligent accord that contains a long-term view point. The market will take a hard look to see if there is any meat to it. If there's no meat, the market could test the lows."

Mr. Gallagher said the market also was under pressure on news that some technical analysis had concluded that the recent upward move was over. In addition, "an unimpressive bond market and weak dollar" are contributing to the softness, he said.

Larry Wachtel, a market analyst with Prudential-Bache Securities, said the market may already have discounted a budget agreement, regardless of the eventual numbers, and the final accord could turn out to be a nonevent.

"The budget negotiators have taken away the drama because they have played it out so long," he said.

Mr. Wachtel said the focus on the budget talks "has just paralyzed all initiative right now, and the light volume suggests that there are no bidders around. The normal supply forces are not met by buy forces."

Allied Signal was the most active NYSE-listed issue, up 2 1/2 to 33 1/2.

Pacific Gas & Electric followed, off 1/4 to 17 1/4. IBM was third, down 2 1/2 to 117 1/2. AT&T was down 1/4 to 28 1/4.

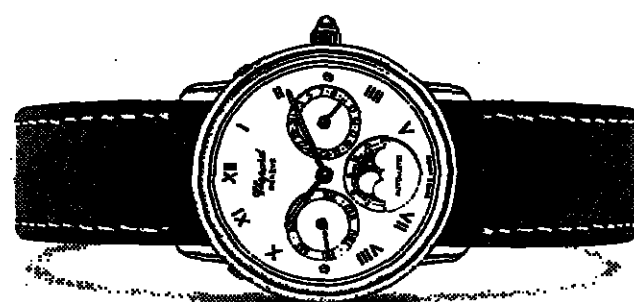
Among other blue chips, American Express slipped 1/4 to 24 1/4. General Electric dropped 1/4 to 45. Sears lost 1/4 to 36. Merck was off 1/4 to 170 1/4 and USX was down 1/4 to 28 1/4.

In the oil sector, Texaco was unchanged at 30 1/4. Pennzoil was down 1/4 to 69 and Mobil was off 1/4 to 35 1/4.

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JPM 10150

WALL STREET WATCH

**An Analyst's Puzzlement:
Tracking the Odd-Lotters**

By KURT EICHENWALD

New York Times Service

NEW YORK — For a brief period last month, small investors who buy in odd lots — that is, fewer than 100 shares — greeted plunging prices as a buying opportunity. In the week of Oct. 19, in fact, odd-lot buyers purchased more aggressively than at any time in the past 20 years, purchasing three times as many shares as they sold.

Odd-lot buyers normally sell more shares than they purchase. And since Oct. 19, the day that the Dow Jones industrial average plunged 508 points, these small investors, apparently losing their certainty about the value to be found after the fall, have gone back to selling more shares than they buy.

The behavior of odd-lot buyers has historically been a gauge for Wall Street analysts of the stock market's direction. But their interpretations of the gauge are mixed. According to some, history shows that these investors are almost always wrong on the timing of investment decisions. Therefore, anyone who takes the opposite position should benefit.

Other analysts say that, while the odd-lot buyers have had a long history of inaccuracy, their investment decisions have usually been correct in the past few years of the five-year-old bull market.

This market indicator — which influenced the decisions of large investors to some degree before the most recent bull market — is no longer tracked with the same vigilance because it is hard to prove either theory with the statistics about odd-lot trades.

In addition, odd-lot buyers are less significant as an indicator today because the market is now driven by huge institutional investors that trade tens of thousands of shares of a given stock.

WITH their small volume of trading, the odd-lot buyers would be easy for the market to ignore. The total number of odd-lot trades in 1986 was 329.1 million, with an average daily volume of 1.3 million. This represents less than 1 percent of the average daily volume of 141 million shares in 1986.

The trading in 1986 was typical for the odd-lot buyers, with statistics showing more sales than purchases. That trend continued through the first nine months of this year, with odd-lot buyers selling about 154 million shares and buying more than 96 million.

But two days after the Oct. 19 plunge, odd-lot buyers purchased 1.9 million shares and sold 620,000. Most of the odd-lot buyers were buying shares in the blue-chip stocks, such as International Business Machines Corp., brokers said.

"That bothers me," Laszlo Birinyi Jr., manager of equity market analysis at Salomon Brothers, said of the change in the behavior of the odd-lot buyers. "It was a fairly major, dramatic turnaround."

Mr. Birinyi subscribes to the school of thought that says the market generally will move opposite to the expectations of the odd-lot buyers. That means that, if odd-lot buyers were buying stocks just after the plunge, another downturn could be on the way.

The analysts who support this view offer 1983 as an example. After a run-up in the bull market in early 1983, the odd-lot buyers finally became net buyers in July for the first time in about 10 years. But then, after they bought, stocks began to fall broadly and that general selling extended into the middle of 1984.

Characterizing odd-lot buyers as an inverse market indicator may not be quite as solid as some analysts and investors believe. In the past month of trading, for instance, the odd-lot buyers have made well-timed investment decisions.

On Oct. 16, the last day of trading before the market took its historic plunge, odd-lot buyers bought 729,000 shares but sold about 1.1 million shares. And after the week of the plunge, they decreased their purchases. Sales and purchases held about even until early this month, when purchases on Nov. 5 dropped by more than 100,000 shares.

Currency Rates

Cross Rates	Nov. 17
Australian dollar	1.3725
British pound	1.6225
Canadian dollar	1.0725
Deutsche mark	1.7825
French franc	6.5525
Italian lira	2036.25
Japanese yen	163.25
Netherlands guilder	3.6025
New Zealand dollar	1.2725
Spanish peseta	166.375
Swiss franc	1.4825
Swedish krona	8.4625
Taiwan dollar	24.6375
West German mark	1.7825
Yen	163.25

Other Dollar Values	Nov. 17
Australian dollar	1.3725
British pound	1.6225
Canadian dollar	1.0725
Deutsche mark	1.7825
French franc	6.5525
Italian lira	2036.25
Japanese yen	163.25
Netherlands guilder	3.6025
New Zealand dollar	1.2725
Spanish peseta	166.375
Swiss franc	1.4825
Swedish krona	8.4625
Taiwan dollar	24.6375
West German mark	1.7825
Yen	163.25

Forward Rates	Nov. 17
30-day	1.3725
60-day	1.3725
90-day	1.3725
120-day	1.3725
150-day	1.3725
180-day	1.3725
210-day	1.3725
240-day	1.3725
270-day	1.3725
300-day	1.3725
330-day	1.3725
360-day	1.3725

Interest Rates

Eurocurrency Deposits	Nov. 17
1 month	6 1/2%
3 months	6 3/4%
6 months	6 7/8%
9 months	6 7/8%
1 year	6 7/8%

Key Money Rates	Nov. 17
Discount rate	6 1/2%
Prime rate	8 1/2%
3-month Treasury bill	6 1/4%
6-month Treasury bill	6 1/4%
9-month Treasury bill	6 1/4%
1-year Treasury bill	6 1/4%

Asian Dollar Deposits	Nov. 17
1 month	6 1/2%
3 months	6 3/4%
6 months	6 7/8%
9 months	6 7/8%
1 year	6 7/8%

U.S. Money Market Funds	Nov. 17
Discount rate	6 1/2%
Prime rate	8 1/2%
3-month Treasury bill	6 1/4%
6-month Treasury bill	6 1/4%
9-month Treasury bill	6 1/4%
1-year Treasury bill	6 1/4%

Gold	Nov. 17
Spot	\$374.20
1-month	\$374.20
3-month	\$374.20
6-month	\$374.20
1-year	\$374.20

Oil	Nov. 17
Crude oil	\$24.25
Heating oil	\$1.25
Gasoline	\$1.25
Jet fuel	\$1.25
Light oil	\$1.25

Stocks	Nov. 17
Dow Jones	2,814.12
S&P 500	2,814.12
Nasdaq	2,814.12
NYSE	2,814.12
AMEX	2,814.12

**DnC Loss
On Trade
Is Raised**

**Threatens to Put
Bank 'Into Red'**

Reuters

OSLO — Den norske Creditbank, Norway's biggest bank, reported Tuesday trading losses of 800 million kroner (\$124 million) in the world stock market collapse, losses that could outweigh profit from the rest of its business this year.

"On Nov. 3 we estimated our unrealized losses on share trading at 600 million kroner," Terje Loe, DnC's managing director, said. "This has over the past two weeks risen to about 800 million kroner."

He added that the further fall of share prices worldwide since early November "has clearly worsened the bank's situation."

"If there is no improvement," he said, "there is a danger that we could go into the red."

He declined to elaborate on the impact of the losses but said that the bank had fired a share dealer suspended earlier this month for unauthorized trading and that its two chief fund managers had been temporarily relieved of their duties.

DnC's foreign and domestic share holdings totaled 2.5 billion kroner in mid-October, when share prices started tumbling.

Layoffs at Citicorp
Citicorp said it would eliminate 1,000 jobs in the next 14 months by combining marketing activities in its New York City branch system.

Reuters reported from New York. A spokesman for the bank, which has been recapitalizing after taking huge lending losses, said 300 of the 1,000 jobs would have been eliminated through attrition anyway.

Citicorp is also planning a 10 percent overall cut of its investment bank staff of 11,000, a source within the bank told the news agency.

The source said he expected higher cuts of up to 20 percent in Citicorp Investment Bank Ltd. in London, which employs 1,500 to 2,000.



Robin Burns, the president of Calvin Klein Cosmetics.

Following the Sweet Smell of Success

The Story of a Small-Town Girl and Her Obsession

By Marguerite T. Smith

New York Times Service

NEW YORK — "I've come a long way from Cripple Creek," Robin Burns acknowledged cheerfully, reminiscing about the Colorado mining town where she spent her earliest years.

She ticks off favorite memories: riding a horse to school, collecting chunks of turquoise off the dirt streets to sell to tourists.

Now, the 34-year-old president of the Calvin Klein Cosmetics Corp. is collecting industry awards for the products she markets: Obsession and Obsession for Men, the best-selling scents that have become known for their steamy, provocative advertising as much as for their fragrance.

A former head of cosmetics merchandising at Bloomingdale's department stores, Ms. Burns worked closely with Calvin Klein, the American designer, to bring Obsession to life.

"It was like having a baby," she said. "Obsession took over a year to create, and it was very exciting."

Now the baby has grown up: Obsession, a blend of jasmine, rose and orange blossoms, is challenging Giorgio Armani's leader among women's scents in the \$4

billion retail fragrance industry. In some stores, the scent, which costs \$170 an ounce (30 milliliters) for the perfume and \$30 for a small bottle of cologne, has captured the top spot, analysts say.

But as it enters its third Christmas season, Obsession, marketed under the rubric "passion without reason," faces competition from some newcomers —

like Chanel No. 5. Ms. Burns, however, professes not to be worried. "The brand is continuing to grow," she said, "even though it came out of the starting gate at a pace no fragrance has ever achieved."

The pace set by Ms. Burns and her staff has been breathtaking indeed. "The marketing of Obsession revolutionized the fragrance industry," said Lawrence H. Appel, of Horvitz & Appel Associates, marketing consultants for luxury products. "Instead of a slow build, traditional in the fragrance business," the perfume, with sales of \$30 million the first year, "was almost an instant success."

And the success could be long-lasting, say some industry analysts. "It's a good juice," said Nancy Hall, a vice president of Smith Barney, Harris Upham & Co. The fragrance industry's flat growth overall, she added, "makes Obsession even more of a success than meets the eye."

Ms. Hall predicts, in fact, that Minnesota's consumer products company that bought Calvin Klein Cosmetics in 1980 — will grow

Elizabeth Taylor's Passion, for example, and Tiffany, along with Christian Dior's Poison, which made a strong debut in 1986. Industry wisdom holds that after three to five years, sales of a hot new fragrance taper off: The scent either dies or hangs on at a lower level and becomes a "class-

ic" like Chanel No. 5. Ms. Burns, however, professes not to be worried. "The brand is continuing to grow," she said, "even though it came out of the starting gate at a pace no fragrance has ever achieved."

But analysts cautioned that the latest figures showed strength in the economy before the stock market collapse in October and did not reflect the subsequent loss of consumer and investor wealth.

In Tuesday's report, the Fed said that manufacturers operated at 81.7 percent of capacity in October, the best showing for that sector since March 1980.

Operating rates have been rising this year, an improvement that reflects higher export sales by U.S. producers.

While manufacturers are now operating at their highest levels of this decade, operating rates at mines and utilities are below levels in effect over much of the last decade.

The mining industry, which includes oil and gas production, operated at 78.9 percent of capacity last month, compared with an average over the past two decades of 87.2 percent.

The October mining operating rate was up from a September rate of 78.4 percent. The sector has been in a slump for the past two years because of the fall in world energy prices.

Utilities operated at 80.6 percent of capacity last month, the same as in September but lower than an average of 82.3 percent over the past 20 years.

**U.S. Factory Use
In October Rose
To 3-Year High**

The Associated Press

WASHINGTON — U.S. factories, mines and utilities operated at 81.3 percent of capacity in October, the highest operating rate in more than three years, the government reported Tuesday.

The Federal Reserve Board said the operating rate climbed 0.3 percentage point from September, when U.S. industry operated at 81 percent of capacity.

It was the highest rate since August 1984, when industry operated at 81.8 percent of capacity, and compared with an operating rate of just 79.1 percent in October 1986.

On Monday, the Commerce Department reported that output jumped 0.6 percent at U.S. factories, mines and utilities in October, the biggest increase in three months.

But analysts cautioned that the latest figures showed strength in the economy before the stock market collapse in October and did not reflect the subsequent loss of consumer and investor wealth.

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**Bank of Japan
Injects Funds to
Offset NTT Sale**

Agence France-Press

TOKYO — The Bank of Japan injected about 5 trillion yen (\$36.6 billion) into the banking system Tuesday to boost liquidity amid heavy demand for funds after the government's identical offering last week of Nippon Telegraph & Telephone Corp. shares.

The Ministry of Finance sold 1.95 million shares in the telecommunications giant as part of the second stage of the group's privatization.

"The money market has a deficit of 5 trillion yen," a central bank spokesman said. He said that the bank had bought a variety of financial instruments to increase liquidity and prevent a sharp rise in short-term interest rates.

The bank purchased 3 trillion yen of bills, lent banks 1.3 trillion yen and reduced the amount of funds banks are required to keep as deposits with the central bank by 600 billion yen to 2.4 trillion.

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AIRES • SANTIAGO • MONTEVIDEO • CARACAS • MEXICO
CITY • PUNTA DEL ESTE • RIO DE JANEIRO • SAO PAULO

FIGURES AS AT DECEMBER 31, 1986:

TOTAL ASSETS:
US \$16.8 billion
SHAREHOLDERS' EQUITY:
US \$1.6 billion

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U.S. Futures

[illegible]

90.43	80.74	Sep	90.12	90.72	90.26	1.48
Est. Sales	50,521	Prev. Sales	45,687			
Prev. Day	Open Int.	252,710	off	1,403		

BRITISH POUND (LHM)						
\$/per pound, 1 point equals \$0.0001						
1.7975	1.7675	Dec	1.7555	1.7430	1.7535	1.7625
1.7925	1.5360	Mar	1.7325	1.7385	1.7490	1.7590
1.7890	1.5320	Jun	1.7500	1.7550	1.7490	1.7515
Est. Sales	5,528	Prev. Sales	11,210			
Prev. Day	Open Int.	41,805	off	1,773		

7565	7560	Dec				298
7566	7561	Dec				
Prev. Day Open Int.	18,202	18,196				
FRENCH FRANK (1MM)						
7567	7562	Dec	17,000	17,000	17,000	
7568	7563	Dec	17,010	17,010	17,010	
7569	7564	Dec	17,015	17,015	17,015	
7570	7565	Dec	17,020	17,020	17,020	
7571	7566	Dec	17,025	17,025	17,025	
7572	7567	Dec	17,030	17,030	17,030	
7573	7568	Dec	17,035	17,035	17,035	
7574	7569	Dec	17,040	17,040	17,040	
7575	7570	Dec	17,045	17,045	17,045	
7576	7571	Dec	17,050	17,050	17,050	
7577	7572	Dec	17,055	17,055	17,055	
7578	7573	Dec	17,060	17,060	17,060	
7579	7574	Dec	17,065	17,065	17,065	
7580	7575	Dec	17,070	17,070	17,070	
7581	7576	Dec	17,075	17,075	17,075	
7582	7577	Dec	17,080	17,080	17,080	
7583	7578	Dec	17,085	17,085	17,085	
7584	7579	Dec	17,090	17,090	17,090	
7585	7580	Dec	17,095	17,095	17,095	
7586	7581	Dec	17,100	17,100	17,100	
7587	7582	Dec	17,105	17,105	17,105	
7588	7583	Dec	17,110	17,110	17,110	
7589	7584	Dec	17,115	17,115	17,115	
7590	7585	Dec	17,120	17,120	17,120	
7591	7586	Dec	17,125	17,125	17,125	
7592	7587	Dec	17,130	17,130	17,130	
7593	7588	Dec	17,135	17,135	17,135	
7594	7589	Dec	17,140	17,140	17,140	
7595	7590	Dec	17,145	17,145	17,145	
7596	7591	Dec	17,150	17,150	17,150	
7597	7592	Dec	17,155	17,155	17,155	
7598	7593	Dec	17,160	17,160	17,160	
7599	7594	Dec	17,165	17,165	17,165	
7600	7595	Dec	17,170	17,170	17,170	
7601	7596	Dec	17,175	17,175	17,175	
7602	7597	Dec	17,180	17,180	17,180	
7603	7598	Dec	17,185	17,185	17,185	
7604	7599	Dec	17,190	17,190	17,190	
7605	7600	Dec	17,195	17,195	17,195	
7606	7601	Dec	17,200	17,200	17,200	
7607	7602	Dec	17,205	17,205	17,205	
7608	7603	Dec	17,210	17,210	17,210	
7609	7604	Dec	17,215	17,215	17,215	
7610	7605	Dec	17,220	17,220	17,220	
7611	7606	Dec	17,225	17,225	17,225	
7612	7607	Dec	17,230	17,230	17,230	
7613	7608	Dec	17,235	17,235	17,235	
7614	7609	Dec	17,240	17,240	17,240	
7615	7610	Dec	17,245	17,245	17,245	
7616	7611	Dec	17,250	17,250	17,250	
7617	7612	Dec	17,255	17,255	17,255	

[illegible]

Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (i) - irregular.

<div>Currency Options</div>	Prev. Day Open Int. 24,946 up 496	Prev. Day Open Int. 77,254 up 2,640	Est. Sales	Prev. Sales 19,297
			Prev. Day Open Int. 77,254	up 472
	PLATINUM (NYME)		CRUDE OIL (NYME)	
	50 Troy oz., dollars per Troy oz.		1,000 bbl., dollars per bbl.	
	522.00	458.00	Nov	504.00 507.50 502.50 -2.20
	467.00	471.00	Dec	504.00 -2.20
	464.00	474.00	Jan	504.00 -2.20
	470.00	474.00	Feb	504.00 -2.20
	470.00	474.00	Mar	504.00 -2.20
	470.00	474.00	Apr	504.00 -2.20
	470.00	474.00	May	504.00 -2.20
	470.00	474.00	Jun	504.00 -2.20
	470.00	474.00	Jul	504.00 -2.20
	470.00	474.00	Aug	504.00 -2.20
	470.00	474.00	Sep	504.00 -2.20
	470.00	474.00	Oct	504.00 -2.20
	470.00	474.00	Nov	504.00 -2.20
	470.00	474.00	Dec	504.00 -2.20
	470.00	474.00	Jan	504.00 -2.20
	470.00	474.00	Feb	504.00 -2.20
	470.00	474.00	Mar	504.00 -2.20
	470.00	474.00	Apr	504.00 -2.20
	470.00	474.00	May	504.00 -2.20
	470.00	474.00	Jun	504.00 -2.20
	470.00	474.00	Jul	504.00 -2.20
	470.00	474.00	Aug	504.00 -2.20
	470.00	474.00	Sep	504.00 -2.20
	470.00	474.00	Oct	504.00 -2.20
	470.00	474.00	Nov	504.00 -2.20
	470.00	474.00	Dec	504.00 -2.20
	470.00	474.00	Jan	504.00 -2.20
	470.00	474.00	Feb	504.00 -2.20
	470.00	474.00	Mar	504.00 -2.20
	470.00	474.00	Apr	504.00 -2.20
	470.00	474.00	May	504.00 -2.20
	470.00	474.00	Jun	504.00 -2.20
	470.00	474.00	Jul	504.00 -2.20
	470.00	474.00	Aug	504.00 -2.20
	470.00	474.00	Sep	504.00 -2.20
	470.00	474.00	Oct	504.00 -2.20
	470.00	474.00	Nov	504.00 -2.20
	470.00	474.00	Dec	504.00 -2.20
	470.00	474.00	Jan	504.00 -2.20
	470.00	474.00	Feb	504.00 -2.20
	470.00	474.00	Mar	504.00 -2.20
	470.00	474.00	Apr	504.00 -2.20
	470.00	474.00	May	504.00 -2.20
	470.00	474.00	Jun	504.00 -2.20
	470.00	474.00	Jul	504.00 -2.20
	470.00	474.00	Aug	504.00 -2.20
	470.00	474.00	Sep	504.00 -2.20
	470.00	474.00	Oct	504.00 -2.20
	470.00	474.00	Nov	504.00 -2.20
	470.00	474.00	Dec	504.00 -2.20
	470.00	474.00	Jan	504.00 -2.20
	470.00	474.00	Feb	504.00 -2.20
	470.00	474.00	Mar	504.00 -2.20
	470.00	474.00	Apr	504.00 -2.20
	470.00	474.00	May	504.00 -2.20
	470.00	474.00	Jun	504.00 -2.20
	470.00	474.00	Jul	504.00 -2.20
	470.00	474.00	Aug	504.00 -2.20
	470.00	474.00	Sep	504.00 -2.20
	470.00	474.00	Oct	504.00 -2.20
	470.00	474.00	Nov	504.00 -2.20
	470.00	474.00	Dec	504.00 -2.20
	470.00	474.00	Jan	504.00 -2.20
	470.00	474.00	Feb	504.00 -2.20
	470.00	474.00	Mar	504.00 -2.20
	470.00	474.00	Apr	504.00 -2.20
	470.00	474.00	May	504.00 -2.20
	470.00	474.00	Jun	504.00 -2.20
	470.00	474.00	Jul	504.00 -2.20

552.00	558.00	NOV	508.00	507.00	502.50	502.00	-2.00
627.60	491.00	Dec				504.00	-2.20
666.00	474.00	Jan	508.50	515.00	505.50	507.10	-2.20
670.80	464.30	Feb	516.50	523.00	515.00	514.80	-2.20

[illegible]

London Dividend

[illegible]

3-month bill	5.87	5.85
6-month bill	4.27	4.24
1-year bill	6.58	6.54

Futures									
Currencies									
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Gold	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Silver	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Platinum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Palladium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Crude Oil	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Heating Oil	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gasoline	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Propane	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Aluminum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Copper	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Nickel	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Zinc	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lead	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Steel	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Iron	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Coal	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Uranium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Thorium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Plutonium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Neptunium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Americium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Curium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Berkelium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Californium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Einsteinium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Fermium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Mendelevium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Nobelium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lanthanum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Cerium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Praseodymium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Neodymium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Europium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gadolinium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Terbium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Dysprosium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Ytterbium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lutetium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Hafnium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Tantalum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Tungsten	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Rhenium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Osmium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Iridium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Rhodium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Palladium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Silver	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gold	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Platinum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Palladium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Crude Oil	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Heating Oil	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gasoline	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Propane	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Aluminum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Copper	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Nickel	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Zinc	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lead	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Steel	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Iron	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Coal	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Uranium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Thorium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Plutonium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Neptunium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Americium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Curium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Berkelium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Californium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Einsteinium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Fermium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Mendelevium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Nobelium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lanthanum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Cerium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Praseodymium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Neodymium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Europium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gadolinium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Terbium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Dysprosium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Ytterbium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lutetium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Hafnium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Tantalum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Tungsten	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Rhenium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Osmium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Iridium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Rhodium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Palladium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Silver	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gold	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Platinum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Palladium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Crude Oil	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Heating Oil	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Gasoline	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Propane	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Aluminum	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Copper	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Nickel	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Zinc	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Lead	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Steel	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Iron	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Coal	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Uranium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Thorium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Plutonium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Neptunium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Americium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Curium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Berkelium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Californium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Einsteinium	1,244	1,247	1,255	1,256	1,254	1,248	1,240	1,232	1,224
Fermium	1,244	1,							

Close		Previous		Change
Bid	Ask	Bid	Ask	

[illegible]

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

Top 100 Index		Top 100 Index	
High	Low	High	Low
343.14	342.14	343.14	342.14
Source: CBCE			

[illegible]

100

Chelidonium

مکرم سن ۱۷

BUSINESS ROUNDUP

Siemens Cuts Payout on Profit Drop

MUNICH — Siemens AG said Tuesday that it was cutting its dividend to 11 Deutsche marks from 12 DM after its 1986-87 group net profit fell 11.6 percent, to a provisional 1.3 billion DM (\$760 million) from 1.47 billion DM a year earlier.

The dividend cut for the 1986-87 business year, ended Sept. 30, signals that Siemens expects a lower profit for the 1987-88 year and may prompt similar action by other companies, share analysts said.

The electronics giant said world group revenue for the year totaled 51.5 billion DM, up 9.6 percent from 47.0 billion DM a year earlier. Analysts said the Siemens results reflected fewer orders for nuclear power plants, reduced business in building, electronics and computers as well as a weak dollar and intensified competition. They said they expected increased competi-

tion, especially in Western Europe, the Middle East and the Third World to continue.

Maximilian Mudra, a stock analyst with Metzler GmbH in Frankfurt, said he had learned of the dividend cut "with astonishment."

"It paints a negative picture for the market," he said.

"Other companies, for example those in the problematic steel sector, may now think about lowering their dividends," he said. "Many companies haven't finished working out the effects of the share price crash yet."

Other analysts said West German companies were cautious on dividend policy and it was rare for them to change their payouts. They said that despite speculation in early October about a possible dividend cut, they had expected Siemens to cover the effect of lower profit from its vast cash reserves.

Siemens stock price fell to a low of 370 DM in Frankfurt on Tuesday from a closing 408.50 on Monday, but recovered partially to end at 391 DM.

Prices on the Frankfurt exchange followed Siemens down but recovered partially with the blue-chip rebound, a dealer said. The Commerzbank index, of which Siemens is a component, closed at 1,356.2, off 48.3 points from 1,404.5 at Monday's close but up from the day's low. The Commerzbank index is calculated at mid-session.

Amoco Increases Dome Bid

CALGARY, Alberta — Amoco Corp.'s Canadian subsidiary said Tuesday that it had raised its takeover offer for Dome Petroleum Ltd. to 5.5 billion Canadian dollars (\$4.17 billion) from 5.1 billion dollars. Under the new offer, Dome's secured and unsecured lenders will receive increased repayments, while shareholders will get higher interest payments on Amoco securities.

Amoco said the bid was increased from 5.1 billion Canadian dollars to 5.5 billion Canadian dollars (\$4.17 billion) from 5.1 billion dollars. Under the new offer, Dome's secured and unsecured lenders will receive increased repayments, while shareholders will get higher interest payments on Amoco securities.

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New Minicomputer Products Are Critical to Olivetti's 1988 Performance

MILAN — Olivetti SpA will present on Thursday a new line of products on which it is pinning much of its hope for a recovery in profits, analysts say.

Company executives are also planning a statement on group strategy, according to industry sources.

Olivetti said it would present in London an integrated group of products based on a new family of minicomputers "in the high end of the system line."

"They really are trying to change their image, to promote a new Olivetti look," said Alberto Alonzo, an analyst with Barclays de Zoete Wedd.

"These new products are a culmination of Olivetti's strategy of not just being a maker of computers but of offering network services and services," he said.

"They are still identified as an office automation company; people don't associate them with being in the minicomputer business," Mr. Alonzo said. "They will need to do some convincing."

Analysts say Olivetti, Europe's second largest maker of personal computers, is preparing to mount a challenge to the big minicomputer companies, such as Digital Equipment Corp.

"Digital has a stranglehold on the minicomputer market," said Tim Orchard, an analyst at Warburg Securities in London. "Olivetti still has it all to prove."

In September, Olivetti said the new products to be announced this week would be "particularly competitive in terms of processing power, modularity, software and compatibility with market standards."

Mr. Orchard said the 1988 profit recovery that Olivetti has predicted depended heavily on the success of the new minicomputer line.

Olivetti has enjoyed several years of high profits, but analysts forecast that it will have a 20 to 30 percent drop in net profit this year from the \$65.5 billion lire (\$450 million) recorded in 1986.

The profit fall is due mainly to reduced personal computer sales to American Telephone & Telegraph Co. and restructuring costs at Triumph Adler, the West German typewriter company.

Olivetti acquired Triumph Adler last year. It was unprofitable, but Carlo de Benedetti, Olivetti's chairman, has said the unit should make a profit next year.

"AT&T should be taking up more PCs from Olivetti next year," said Mr. Alonzo of Barclays de Zoete Wedd. "Exactly how many depends on restructuring at AT&T's computer division."

Olivetti handles PC development for AT&T. The company, which has a 23.5 percent stake in Olivetti, reorganized its struggling computer operations last month.

This year AT&T is expected to buy about 40,000 Olivetti PCs, down sharply from more than 180,000 last year.

Olivetti holds the second largest share in the European PC market behind International Business Machines Corp.

In June, Olivetti launched several new PC models. A company spokesman said sales figures for the new machines were not available. He said McDonald's Corp. had agreed to buy the new computers from AT&T for each of its 1,900 restaurants in the United States.

Analysts say a big question for Olivetti, as for many manufacturing companies, is how the stock market crash will affect consumer and corporate spending.

"Olivetti is healthy and has a lot of liquidity. It is well equipped to survive hard times," Mr. Alonzo said.

For the six months ended in June, Olivetti showed net liquidity of 558.3 billion lire. The company is expected to continue prospecting for software firms to acquire, to bolster a sector of its business that analysts consider weak.

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Volvo Pretax Profit Up 22%, Boosted by Food and Trucks

By Juris Kaza
Special to the Herald Tribune

STOCKHOLM — Strong performance by Volvo AB's food and truck divisions helped offset mediocre earnings from cars in the third quarter, and the industrial group on Tuesday reported a 22 percent increase in pretax earnings.

Volvo said pretax earnings totaled 1.61 billion kronor (\$260 million), up from 1.32 billion kronor in the third quarter of 1986.

In the first nine months, Volvo said group earnings ended to 5.9 billion kronor from 6.1 billion kronor a year earlier.

The company said earnings at its car division were lower in the third quarter and the first nine months despite increases in sales, reflecting a weaker dollar, while earnings rose or were unchanged at other major divisions.

Operating earnings for the food sector increased from 1986 when sales were off 2 percent to 2.2 billion kronor in the quarter.

Volvo shares closed 2 kronor higher at 279 kronor on the Stockholm bourse on Tuesday.

Third-quarter operating income rose 33 percent to 1.45 billion kronor from 1.09 billion kronor a year earlier.

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Japan's 4 Biggest Brokers Post Sharply Higher Profits

TOKYO — Japan's top four brokers on Tuesday reported sharply higher profits as a result of the past year's global rise in share prices but said they were cautious about the coming year.

Nomura, Daiwa, Nikko and Yamaichi Securities announced increases in net profit of from 43.5 percent to 55 percent in the year ended Sept. 30, just before the Oct. 19 collapse in world share prices.

Nomura, the world's biggest brokerage, also became Japan's most profitable company, posting a profit of 233.4 billion yen (\$1.7 billion) to overtake the previous top earner, Tokyo Electric Power.

Company spokesmen said that because of uncertain stock market prospects, the brokers expected few changes in their profit or revenue performances this year.

They said that even this prediction was based on the assumption that trading volume on the Tokyo Stock Exchange would stay at the record levels set in the past year.

In its report, Nomura forecast net profit of 230 billion yen in 1987-88 on revenue of 950 billion, down slightly from the 233.4 billion on revenue of 957.24 billion for the year ended Sept. 30.

Yamaichi said it expected net profit of 120 billion yen on revenue of 530 billion, up from 114.57 billion on revenue of 506.20 billion.

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Huge Trading Losses Slash Bear Stearns Net

NEW YORK — Bear Stearns Cos. said Tuesday that sharp trading losses in October caused by the stock market plunge slashed second-quarter earnings.

For the quarter ended Oct. 30, Bear Stearns reported net profit of \$413,000 on revenue of \$441.9 million, compared with earnings of \$53.2 million on revenue of \$454.1 million a year earlier. It said losses in its risk arbitrage activities and other trading totaled about \$96 million for October.

By the time she was in high school, Robin Burns was a college recruiter's dream — an honors student, a competitive ice skater and a cheerleader. When it came time for her to choose a college, she picked Syracuse University, which had paid for her to fly East for a visit.

But Syracuse was a relatively expensive school. It took a mixture of scholarships and hard work to pay the bills. For a time during her college years, Ms. Burns worked 40 hours a week — in the bursar's office and as a cocktail waitress — while carrying a full course load and a double major — business and education.

A bout of student teaching convinced her that being a teacher was not for her; instead, she interviewed with the big companies recruiting on campus. "But it was 1974," she recalled, "a time when major companies were being pressured tremendously to take women. As an interviewer, you could feel the hunt for the token, and it just turned me off. It discouraged me."

Bloomingtondale's was a store like no other. "It is survival of the fittest, and you'd better be resourceful. It is more competitive internally than it is externally."

Her start at the store was in home furnishings. "I remember being in the lamp department, and thinking, this has got to be the worst thing," she said. But promotions came quickly, and by age 24, Ms. Burns was traveling to Taiwan and India — buying objects, negotiating prices and trying to decide "what I can get for this brass pot from Delhi and this parchment shade from China."

A former home furnishings executive at Bloomingtondale's remembers her during this period: "She was a tiger," he said. "I think her fingernails grew an inch an hour."

In 1979, Ms. Burns asked for a change out of home furnishings, and learned, to her dismay, that she had been picked as the new men's fragrance buyer. "That was such a foreign part of the store," she said.

PERFUME: Tracking Obsession's Scent of Success

(Continued from first finance page)

20 percent a year for the next five years, in large part because of Obsession's success. "The market's in a panic, so the stock price has come down, but that has nothing to do with the outlook for the company longer term," she said. "I see lots of good news ahead."

Calvin Klein's cosmetics itself tallied about \$74 million in sales last year, and the company says it expects to break through \$100 million this year.

It is Ms. Burns, said Ms. Hall, who deserves the credit. "I think Robin Burns is phenomenal."

Robert F. Taylor, Minnetonka's chairman, thinks so too, calling her "the best executive who ever worked for me." Last year, he showed Ms. Burns his appreciation by raising her salary to \$320,000.

"I didn't want the standard executive who had been laundered through five or six firms," — Robert F. Taylor, Burns's boss

from \$150,000 — not counting bonus, stock options and performance share awards.

In an industry known for hype, Ms. Burns is known for being down to earth, a quality she attributes partly to her Colorado roots. She enjoys taking her East Coast friends to see Cripple Creek, where her stepfather's family owned gold mines and where her mother was a justice of the peace. Life then was "laid back," she said. "Just the opposite of what I do now."

While she was in grammar school, the price of gold dropped. The mines closed, and her family moved to the nearby city of Colorado Springs.

As an only child, Ms. Burns says, she always felt pressure to achieve — from herself, and from her mother. "If I came home with a C on a school report card rather than an A or B," she recalled, "I was in big trouble."

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At Bloomingtondale's, Ms. Burns's responsibilities grew until she was cosmetics division merchandise manager for all the stores. That was when she caught the attention of Mr. Taylor of Minnetonka. He asked her what she thought the problems were with Calvin Klein Cosmetics products. "I had to tell him there was not a lot I could see that was right," Ms. Burns said.

After a month or so of soul-searching, she agreed to try to set things right — by accepting Mr. Taylor's offer to become president of Calvin Klein Cosmetics.

"I didn't want to pick the stan-

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Ms. Burns came on strong — she doubled sales and brought the company into the black in her first year.

According to Mr. Taylor, when it came to creating the Obsession concept, "Robin was the driving force, positioning it with an image compatible with the Calvin Klein image — a sensual, sexual fragrance. That came from her completely. The advertising, packaging and creative side came from Calvin, with the execution from Robin and her people."

Ms. Burns and her people "broke all the rules," said Ms. Hall of Smith Barney. "The way they pre-sold very aggressively in magazines, to create a demand, they had customers coming into the store asking for the fragrance before it was available. Giorgio started this, but Obsession capitalized on it — and Robin Burns ran with it."

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Dun & Bradstreet Drops Bid for Rival

NEW YORK — Dun & Bradstreet Corp. said Tuesday that it was dropping its proposed acquisition of information Resources Inc. because the Federal Trade Commission had decided to oppose the merger on antitrust grounds.

The FTC announced late Monday in Washington that it was seeking a preliminary injunction blocking the acquisition, saying the merger could substantially reduce competition in syndicated national tracking services that monitor consumer preferences.

Aside from Dun & Bradstreet and IRI, only one other U.S. company, SAMI-Burke Inc., provides such services.

Dun & Bradstreet, a leading business research and information concern, announced a definitive agreement to acquire Chicago-based IRI on Aug. 27 in a stock transaction then valued at about \$570 million.

Since then, the decline in Dun & Bradstreet's stock from \$67 a share to \$52.625 at Tuesday's close has slashed the value of the transaction to less than \$455 million. IRI shares traded at \$13, down \$8, in national over-the-counter trading Tuesday afternoon.

Dun & Bradstreet provides marketing research services through its Nielsen Marketing Research Division.

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SPORTS

Clemency for a Feisty Irishman?

International Herald Tribune

LONDON — To the gentlemen of UEFA's jury of appeal: Early next month a contrite soccer star will plead before you for a reprieve enabling him to reach the emotional high point of his life. Liam Brady's crucial asset — timing — has deserted him. The Irish

ROB HUGHES

man could not have picked a worse month in which to ask for mercy. He will admit his wrongdoing and will accept that he must be punished. But he will ask you to understand that in his distinguished career, comprising 67 international matches, his republic has only this once reached a stage like the European championship finals.

Ireland will be there, but Brady, by your clemency, will not. I am first to last, he will be sidelined by a four-match suspension imposed by UEFA's disciplinary commission for his violent retaliation against a Bulgarian in October.

It behooves anyone, least of all someone who advocates hard-line justice to prevent soccer anarchy, suddenly to become weak-kneed about weighty punishment. And if this is the new, tough policy of UEFA, then I'm all for it.

Times are especially bad. Madness is everywhere, with misbehavior on the field a catalyst to hooliganism off it. The way we are going the only safe final in West Germany next summer will be in sterilized stadiums without audiences.

Last Friday, your disciplinary colleagues dealt with three dozen violations. Their duty was thankless, coping not only with abusers under UEFA jurisdiction but also trying to define areas of responsibility for mayhem in sick societies.

This is beyond mere sports administrators, especially those whose closest harbors the skeleton of culpability for neglecting to check safety standards properly at Heston Stadium before the atrocity of 1985.

I'm sure the three of you will be good men, honest and true. Your task is onerous. Brady could be

a symbol of unforgiving rule. Clemency would take a lot of explaining, and not a little courage. Let me tell you something about the young man but aging footballer you will see before you.

Small, slight and approaching 32, he will not look like a superstar in his business suit. They seldom do.

Humility is not natural to him either. At 5-foot-7 (1.70 meters), he has needed a certain belligerence to last 13 years in international soccer.

Survival alone has never been Brady's way. He has sought victory, and to embellish it with style. Isn't that the stuff of a true sportsman? The gifted few often become

theatrical impostors, diving to coax protection from referees. Brady is not a diver. He would consider it sissyish; cheating by another name. Besides, when you are born the seventh son of a Dublin dockyard worker, there is macho pride in taking care of yourself.

Even Pele, butchered into submission during the 1966 World Cup, later got his retaliation in first. That might sound Irish, but who began Pele's destruction? Bulgarians. Likewise, it was a hard and relentless Bulgarian, Anyo Sadkov, whom Brady fended off with an elbow in the face.

Brady was rightly sent off. Elbowing has for years been a vile abuse (the master of it, Claudio Gentile, got away with fracturing the cheekbone of Hamburg's Lars Bustrup during the 1983 European Cup). The referee in the Bulgaria match, of course, saw nothing, Brady lashing out from exasperation, committed double the crime. He got caught.

Yet this is the same Brady who can display a heaven-sent talent for orchestrating the movements of colleagues and opponents alike, who as a boy was expelled from a Gaelic-football playing school for indulging in soccer, and later, as a prodigy, was held up by the Church of the Holy Child as a shining example to Dublin's youth.

Plucked away to Arsenal at 13, he later became cherished in Italy for Juventus, Sampdoria, Inter Milan and Ascoli. "Liam isn't robust enough to cope with the treatment they'll dish out," warned a noted predecessor. "I survived because I'm a big fellow. I took some real hammerings, but I gave a bit of it back."

That observation came from John Charles, the "gentle giant" of Turin. Brady enjoyed seven years in Italy, immersing himself in the language and the culture. Still he puzzled Italians. Brady's Sampdoria president, Paolo Mantovani, played cards with him for hours trying to find the core of the quiet Irishman's motivation, to see what if anything could stimulate fire and passion.

Italians couldn't fathom him any better than Brazilians did in Dublin last May when, almost wholly left-footed, Brady bewitched them. Adversaries from 25 countries (and often his managers) suspect an apparent weakness: He drifts, becomes detached, then awakes with match-winning effect.

The late Bill Shankly, Liverpool's legendary coach, used to purr: "Defenders (see) Liam brush the palms of their hands as he goes by, but they can't hold onto him. Great occasions are made for great players like this." Just so: It was genius brushing past. Great club nights he has had, but the Irish side of his nature threatens his one great Irish occasion.

He has had to quell the impulse to go looking for a fight. You gentlemen need only look at your records, a long way back to be sure. Never before had he been sent off in Irish green.

But he was suspended after two yellow cards in the 1984 championship qualifiers. And he was sent off as an Arsenal player after a running tussle with a Hadjagic Split opponent nine years ago.

New Brady thought he had conquered his temper. UEFA is bound to show his lapse will not be tolerated, especially as your disciplinary men also gave four-match suspensions last week to a Czech, a Russian, an Albanian and a Portuguese.

But only Brady is deprived of the European finals. Justice in this case will have slightly misfired. The inequality would disappear if his sentence began after the championship.

Alternatively, since he is no pauper, UEFA could make a positive example by ordering him to play the European championship for nothing, or rather for love of it.

Probe beyond his nervousness, his suspiciousness of authority, and you'll discover that Brady, whatever his faults, is a lover of the game. A lover with a belated chance of fulfillment.

Rob Hughes is on the staff of the Sunday Times.



Liam Brady, bursting past Michel Platini in an all-star match.

A New Ewing Brightens Knicks' Horizons

By Ira Berkow
New York Times Service

NEW YORK — "Robert Parish said you're a new Patrick Ewing," a Boston reporter, who had just returned from the Celtic locker room, informed the once and future present Patrick Ewing. "He said you're playing hard, more aggressive."

Ewing, the New York Knick center, in blue robe, looked up with those large eyes, doe-like but learning, and digested the comment reported from his Boston counterpart.

"I always thought I played hard," he said. "I've played hard all my life."

The exchange occurred last week, after the Knicks had come back to make the Celtics finally

sweat a little for their victory. It wouldn't be until after two further losses that the young Knicks, with their young head coach, Rick Pitino, would finally win their first game of the National Basketball Association season.

On Saturday, the Knicks defeated Milwaukee, 93-89, after a shot by Ewing did the trick — the hoop — to be or not to be? — the hoop — to be or not to be? — the hoop — to be or not to be?

Ewing, now in his third year with the Knicks, is playing hard. Yes, he may have always played that way, but it seems that now he is simply harder.

Is he simply healthier? Or happier with a new coach and an aggressive new system? Or pleased to receive the bounty of Mark Jackson's feeds?

Whatever, for many observers, Parish had a salient point: It appears to be a new Ewing. And the old? A scene comes to mind. It happened about a year ago, also in a locker room and also after a Celtic game, although this one was in Boston.

Hubie Brown was teetering at the edge of his plank as New York's coach. The Knicks had just lost by a wide margin, and although he had scored a bunch of points Ewing had not been a force on the boards or in blocking shots or in any other significant part of the game. But he was smiling and the focal point of reporters' questions.

Brown looked across the cramped room at the Ewing concave and shook his head. "He thinks he was the star of the game," the coach said. "He doesn't understand."

Soon Brown, for all he understood, was gone; his replacement, Bob Hill, came and went. And now there's Pitino. And through it all, there has been Ewing.

For a while, Ewing was brooding. He was the man who was to turn the Knicks from losers to winners overnight. It didn't happen. He had so much to learn. Besides, was he good enough, strong enough, motivated enough? In 82-game seasons, he missed 32 and 19 games.

He was unhappy that Brown wished to move him to forward (although he did try), unhappy

with Brown's severe ways; he was confused by the confusion of the comings and goings of a sloppy organization; troubled by front-court opponents as big as or bigger, as tough as or tougher, than he had known in college; and bothered by sore knees. As a result, he came not to be the man who many thought would by virtue of his long arms alone save the franchise from rampant mediocrity.

He won't do it alone and, most likely, he won't do it with the present Knick cast. But he is contributing to a vitality that is infusing the team.

"Look," an NBA scout, at court-side, said last season, "Patrick gets a rebound and throws the outlet pass and then stands there and admires it."

And so with the new Ewing, as Parish and others have characterized him, it was less the tiebreaking shot against Milwaukee that impressed than it was his subsequent charge downcourt to add his brick to the defensive wall in the last minute.

It was Ewing who chased Larry Bird to half-court recently when the Celtic forward was trying to control a poor pass, and forced him to commit a turnover. And it's Ewing who is demanding the ball in the hole in the crunch of the game, demonstrating a leadership that may bring a bit of joy to the fans and maybe even to a steady executive or two in the board room at Gulf & Western, the folks paying Patrick's salary (in the neighborhood of \$3 million, possibly the highest in the league).

Ewing still makes the errors of a callow newcomer and he still sometimes bounces a basketball as if the carom is as uncertain as a football's, but he is unquestionably better than ever.

Will Ewing's knees and enthusiasm hold up? Will the Beast become at least enough of a force to fulfill his promise as the top overall pick in the 1985 college draft? Will he help pick up the Knicks, who, in his two seasons, have finished last and tied for last in the Atlantic Division of the Eastern Conference?

"I just want to win," Ewing said recently. "I'm tired of losing."



Patrick Ewing, getting off a shot despite the close-quarter efforts of Boston's Robert Parish, right, and Larry Bird.

SCOREBOARD

Hockey

NHL Standings

W	L	T	Pts	GF	GA
NY Islanders	12	4	25	77	52
New Jersey	10	5	22	62	52
Washington	8	8	17	56	51
Pittsburgh	7	8	17	63	66
Buffalo	10	5	22	62	52
NY Rangers	5	11	11	43	73
Philadelphia	5	11	11	43	73

Adams Division

W	L	T	Pts	GF	GA
Montreal	11	5	22	77	52
Boston	9	7	20	69	70
Buffalo	8	6	20	69	70
Quebec	9	7	19	73	65
Winnipeg	5	12	12	54	58

Campele Conference

W	L	T	Pts	GF	GA
Toronto	9	7	20	69	70
Chicago	8	8	17	77	78
Calgary	7	7	17	54	70
Edmonton	5	10	11	55	62
Los Angeles	5	10	11	55	62
Vancouver	5	10	11	55	62

Monday's Result

W	L	T	Pts	GF	GA
Hartford	1	2	1	4	3
Montreal	1	2	1	4	3
St. Louis	1	2	1	4	3
St. Louis	1	2	1	4	3
St. Louis	1	2	1	4	3

NHL Leaders

Player	Team	Points
Ed Snider	NY Islanders	32
Wayne Gretzky	Edmonton	31
Mark Messier	Edmonton	28
Paul Reinhart	Montreal	27
Al MacIsaac	Calgary	26

GOAL TENDING

Player	Team	Goals Against
Ray Bourque	Montreal	23
Patrick Roy	Montreal	23
Glenn Resch	Edmonton	23
Glenn Resch	Edmonton	23
Glenn Resch	Edmonton	23

Football

College Top-20 Polls

Rank	Team	Record
1	Hebraska (23)	9-0-1
2	Oklahoma (20)	10-0-1
3	Michigan, Fla. (18)	8-0-1
4	Florida State	8-1-1
5	USC	8-1-1
6	South Carolina	7-0-1
7	Notre Dame	7-0-1
8	Clemson	6-1-1
9	Auburn (8-1)	6-1-1
10	Auburn	6-1-1
11	Michigan State	7-2-1
12	South Carolina	7-2-1
13	Oklahoma State	6-2-1
14	Georgia	7-3-1
15	Tennessee	7-3-1
16	Alabama	7-3-1
17	Alabama	7-3-1
18	Iowa	7-3-1
19	Purdue	7-3-1
20	Indiana	7-3-1

NFL Standings

W	L	T	Pts	PF	PA
Indianapolis	5	4	0	556	193
N.Y. Jets	5	4	0	556	193
Buffalo	4	5	0	444	224
New England	4	5	0	444	224

American Conference

W	L	T	Pts	PF	PA
Cleveland	6	3	0	467	228
Houston	6	3	0	467	228
Pittsburgh	5	4	0	556	193
Cincinnati	5	4	0	556	193

National Conference

W	L	T	Pts	PF	PA
San Diego	8	1	0	389	192
Seattle	6	3	0	467	228
Dallas	5	4	0	556	193
San Francisco	5	4	0	556	193

Monday's Result

W	L	T	Pts	PF	PA
Chicago	7	2	0	278	264
Minnesota	5	4	0	556	193
Tampa Bay	5	4	0	556	193
Green Bay	5	4	0	556	193
Detroit	5	4	0	556	193

NBA Leaders

Player	Team	Points
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31

GOAL TENDING

Player	Team	Goals Against
John Stockton	Portland	23
John Stockton	Portland	23
John Stockton	Portland	23
John Stockton	Portland	23
John Stockton	Portland	23

Basketball

NBA Leaders

Player	Team	Points
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31

GOAL TENDING

Player	Team	Goals Against
John Stockton	Portland	23
John Stockton	Portland	23
John Stockton	Portland	23
John Stockton	Portland	23
John Stockton	Portland	23

Transition

FOOTBALL

National Football League

Player	Team	Points
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31

HOCKEY

National Hockey League

Player	Team	Points
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31

INDIVIDUAL

Scoring

Player	Team	Points
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31
John Stockton	Portland	31

OSU Fires Coach Bruce; Athletic Director Quits

The Associated Press

COLUMBUS, Ohio — Earle Bruce, who had the best overall record among Big Ten football coaches during his nine seasons, was fired late Monday by Ohio State after three straight losses.

But only Bruce is deprived of the European finals. Justice in this case will have slightly misfired. The inequality would disappear if his sentence began after the championship.

Alternatively, since he is no pauper, UEFA could make a positive example by ordering him to play the European championship for nothing, or rather for love of it.

Probe beyond his nervousness, his suspiciousness of authority, and you'll discover that Brady, whatever his faults, is a lover of the game. A lover with a belated chance of fulfillment.

Rob Hughes is on the staff of the Sunday Times.

rektor, quit in protest after announcing the dismissal. Bay said Bruce's firing would be effective after Saturday's away game against archrival Michigan in the regular-season finale. He also said the Buckeyes would not accept a bowl bid even if one were offered.

Broncos Defeat Bears, 31-29

Compiled by Our Staff From Dispatches

DENVER — Quarterback John Elway outplayed Denver Broncos twice rallying them to a 31-29 National Football League victory over the Chicago Bears Monday night.

The teams combined for 885 yards in total offense. Elway setting a franchise record with his 75th, 76th and 77th career touchdown throws and McMahon passing for

three TDs and running for another. Elway brought Denver back from an early 14-point deficit and then rallied the Broncos from eight points down in the final period. He was 21-of-34 for 341 yards, while McMahon was 21-of-34 for 311 yards. Chicago had 446 total yards, Denver 439; the Broncos had 25 first downs to 24 by the Bears; both teams averaged 6.5 yards per offensive play.

Ohio State is 5-4-1 following three straight defeats by a combined 10 points.

"We thought we'd have a good football team and a good season," Bruce said. "It turns out that some things have happened that have made this season a little longer than you'd expect." He then alluded to the decision by the university not to appeal to the NCAA for the reinstatement of wide receiver Cris Carter, suspended for accepting money from an agent.

Bruce, in the second year of a three-year contract, had drawn the ire of Buckeye fans because of the losses. Bay said that OSU's president, Edward Jennings, told him Monday that he had been "under pressure to make a coaching change and that we had to do that."

Bay, athletic director since July 1984, said he resigned because of "philosophical differences with the administration." Of Bruce, he said: "I think he's done a whale of a job. His record is among the very best in the country."

Bruce's 80-26-1 record was tops among Big Ten coaches, and his 56-17 in-conference mark was second only to the 59-15-1 of Michigan's Bo Schembechler. His previous eight OSU teams played in bowls, winning five, but were 0-2 in Rose Bowls. His 1979 and 1984 teams won Big Ten titles and the 1981 and 1986 squads were co-champions.

Schembechler, commenting from Ann Arbor, Michigan, ripped Ohio State for the firing. "God, I hope he's established himself by now," he said in referring to Bruce's record. "I mean, what do you have to do?"

"Tell him not to worry," he added. "I'll take the athletic directorship at Michigan and hire him up here. That'll shut them up."

Intestinal Disorders

New York Times Service

three years ago he met with Ntsiki's mother and his widow in South Africa. After he told Ntsiki of his plans, she exhorted herself to talk with Mrs. Ntsiki in Xhosa. "When she finished, Ntsiki said, 'Mother and I would like you to make this film for two reasons. You have gone to the trouble of asking us and secondly, because Donald is Steve's closest friend.'"

ked me on my backside more than anything else was the total lack of rancor among the black mobabwains," he adds. "The atmosphere was devoid of revenge," the former white regime.



And choosing a subject like Steve Biko has its creative problems. "Oddly enough, Biko's life was singularly undramatic," Attenborough says. "He was arrested four times. Twice, he was taken in and just let out. The third time

Attentoborough also wanted desperately to find an African to play *Biko*. He searched unsuccessfully all over the world. He was thinking, he says, "He's got to be 29 to 30, six foot one, as good looking as the young Sidney Poitier. He's

20th century art form, which has possibilities of communication the like of which no one has ever dreamt of. And if 200 million people see 'Cry Freedom' and it touches 10 percent of them, I've made it."

Prince Charles and his wife, Diana, made an unannounced visit to Enniskillen in Northern Ireland Tuesday to meet survivors of the IRA bomb that killed 11 people and injured 63.

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